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Europe 82

No. 7

July 1982

**More power
from under
the sea – off
Morecambe
sands**





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Published by the Commission of the European Communities, 20 Kensington Palace Gardens, London W8 4QQ.

Tel: 01-727 8090

Editor-in-Chief: George Scott

Editor: John Greenwood

Associate Editor: Denis Thomas

Design: Lawrence Edwards

Printed by Lawrence-Allen Ltd, Weston-super-Mare, Avon

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Belfast Office: Windsor House, 9/15 Bedford Street, Belfast BT2 7EG
Tel. (0232) 40708

Cardiff Office: 4 Cathedral Road, Cardiff CF1 9SG
Tel. (0222) 371631

Edinburgh Office: 7 Alva Street, Edinburgh EH2 4PH
Tel. (031) 225 2058

Associated editions:

Europe, 2100 M Street, NW, Suite 707, Washington DC 20037, USA
Tel. 202 8629500

Europe, 350 Sparks Street, Suite 1110, Ottawa, Ontario, Canada K1R 7S8.
Tel. (613) 238-6464

Community Report, 39 Molesworth Street, Dublin 2, Ireland
Tel. 712244

30 Jours d'Europe, 61 rue des Belles Feuilles, 75782 Paris Cedex 16, France. Tel. 501 58 85

Comunità Europea, Via Poli 29, 00187 Rome, Italy. Tel. 678 97 22

EF-avisen Gammel Torv 4, Post Box 144, 1004 Copenhagen K, Denmark. Tel 14 41 40/14 55 32

EG Magazin, Zitelmannstrasse 22, 5300 Bonn, W. Germany
Tel. 23 80 41

Comunidad europea, Serrano, 41-5 a planta Madrid-1, Spain
Tel. 474 11 99

Europaiki Koinotis, 2 Vassilissis Sofias, T. K. 1602, Athens 134, Greece
Tel. 743 982/3/4

Europa-bericht, EUR info, Archimedesstraat 73, 1040 Brussel, Belgium
Tel. 235 4178

Echos de l'Europe, Bâtiment Jean Monnet, Luxembourg Kirchberg
Tel. 4301 3440

Avrupa Toplulugu, 13 Bogaz Sokak Kavaklidere, Ankara, Turkey
Tel. 27 61 45

New hope for the North-West

Although the North-West of England has been badly hit by closures in the textile industry and shipbuilding, as well as by large-scale redundancies in steel and car manufacturing, it has managed to remain comparatively buoyant during the economic recession.

Worst hit have been Merseyside and Greater Manchester, two of the UK's most industrialised and densely populated areas. It is in the inner city areas that unemployment has soared – particularly in Merseyside, as reported in the last issue.

In January 1982, unemployment in the North-West was put at 15.2 per cent, against a

national average for Great Britain of 12.5 per cent. But Liverpool's problems create a false impression. Merseyside's population of 1½ million is over one fifth of the region's total, but its unemployment rate is almost one third. In January, the figure for Merseyside was 18.7 per cent, which means that 130,000 people in the area were out of work.

The rest of the North-West's unemployed – 280,000 – were in Greater Manchester and spread throughout the rest of the region, from Chester in the South to Carlisle in the north. Average employment for the region, excluding Merseyside, was 14 per cent – only a little above the national level.

The region is the heart of the UK's textile industry. Nearly six per cent of the working population is involved in textiles, and the North-West is responsible for one fifth of the UK production. It dominates the cotton industry and is heavily involved in man-made fibres. As a result, it has been badly affected by the recession, coupled with the increase in cheap imports from newly industrialised countries in the Third World.

This, of course, is a problem that has affected the whole of Europe. The EEC has taken action through the Multi-Fibre Arrangement, which has agreed limitations on imports from 26 low-cost countries and with eight others with whom the Community has preferential trade agreements. There are similar agreements with China and Taiwan.

Before these agreements were reached, textile imports into all EEC countries was increasing in volume by 25 per cent a year. This dropped to four per cent a year between 1976 and 1979 and a new five-year arrangement has lately been negotiated. However, with UK textile consumption expected to rise at only one per cent per annum, the existence of low-cost imports is still a problem for the industry, and the Community as a whole.

As well as negotiating import levels, the EEC has also provided funds to help the textile industry to diversify and modernise. Grants from the European Social Fund, amounting to £1.2 million for the UK in 1980, have also been made to re-train textile workers affected by closures and technological change.

Various forms of assistance were made by the EEC through the Cotton and Allied Textiles Training Board in Manchester, now abolished. This financial aid helped the Board to train young technicians in modern production methods; give more mature workers re-training for newer technology; and provide 'multi-skills' training for operatives to give them greater flexibility and opportunity within the industry.

With these and similar EEC-financed train-

ing schemes – some of which have been organised by the larger textile companies themselves – the industry expects to be more competitive in the future.

Apollo II – drilling for gas off the Lancashire coast.



ROY STEMMAN finds brighter prospects for economic recovery in a region that has a giant gas field just offshore

There is already good reason for optimism. In 1980 the UK had an 80 per cent export/import ratio in its textile trading with the rest of the EEC. That is the highest figure since 1977. Particularly impressive was the clothing sector, whose 133 per cent export/import ratio gave it a £111 million surplus.

However, not all the textile news is encouraging. In March receivers were called in to Stone-Platt Industries, Britain's biggest makers of textile machinery. It once employed 26,000 workers at Oldham; but that factory, and another at Bolton, were closed after earlier crises. It has shed 7,000 employees in the last two years, and it now remains to be seen whether the current 7,000 workforce – mostly in the North-West – can be saved.

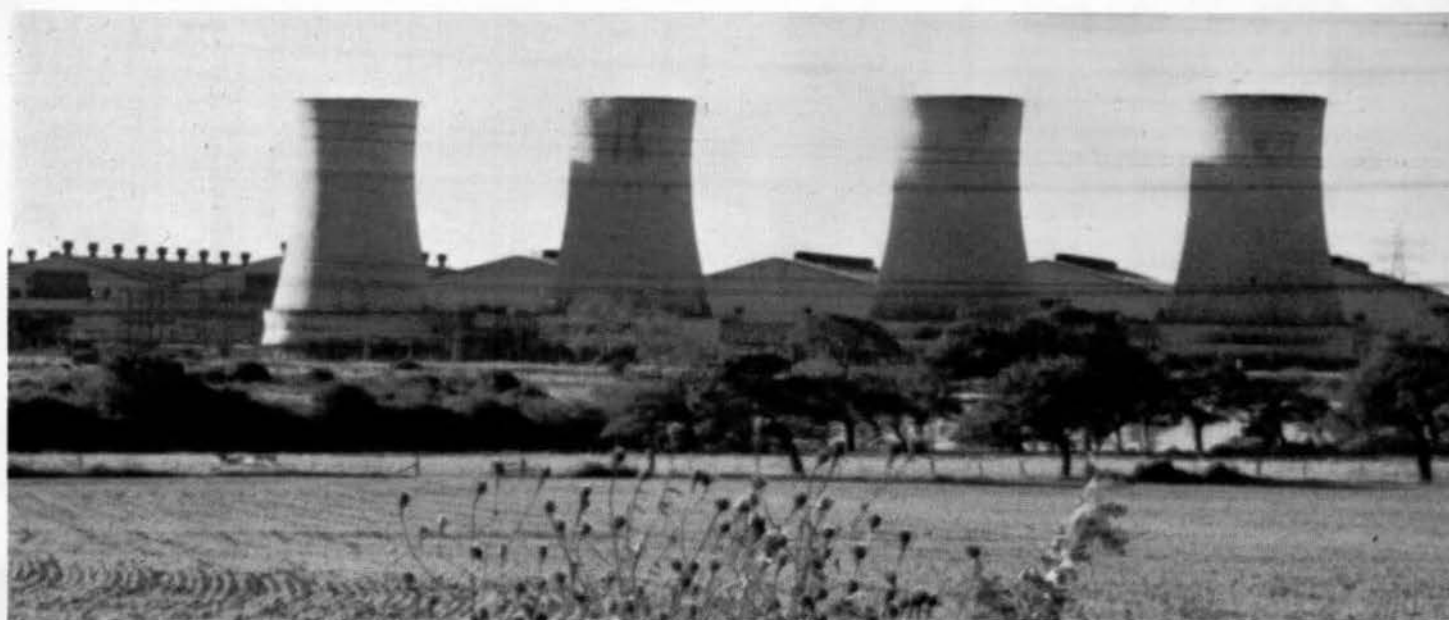
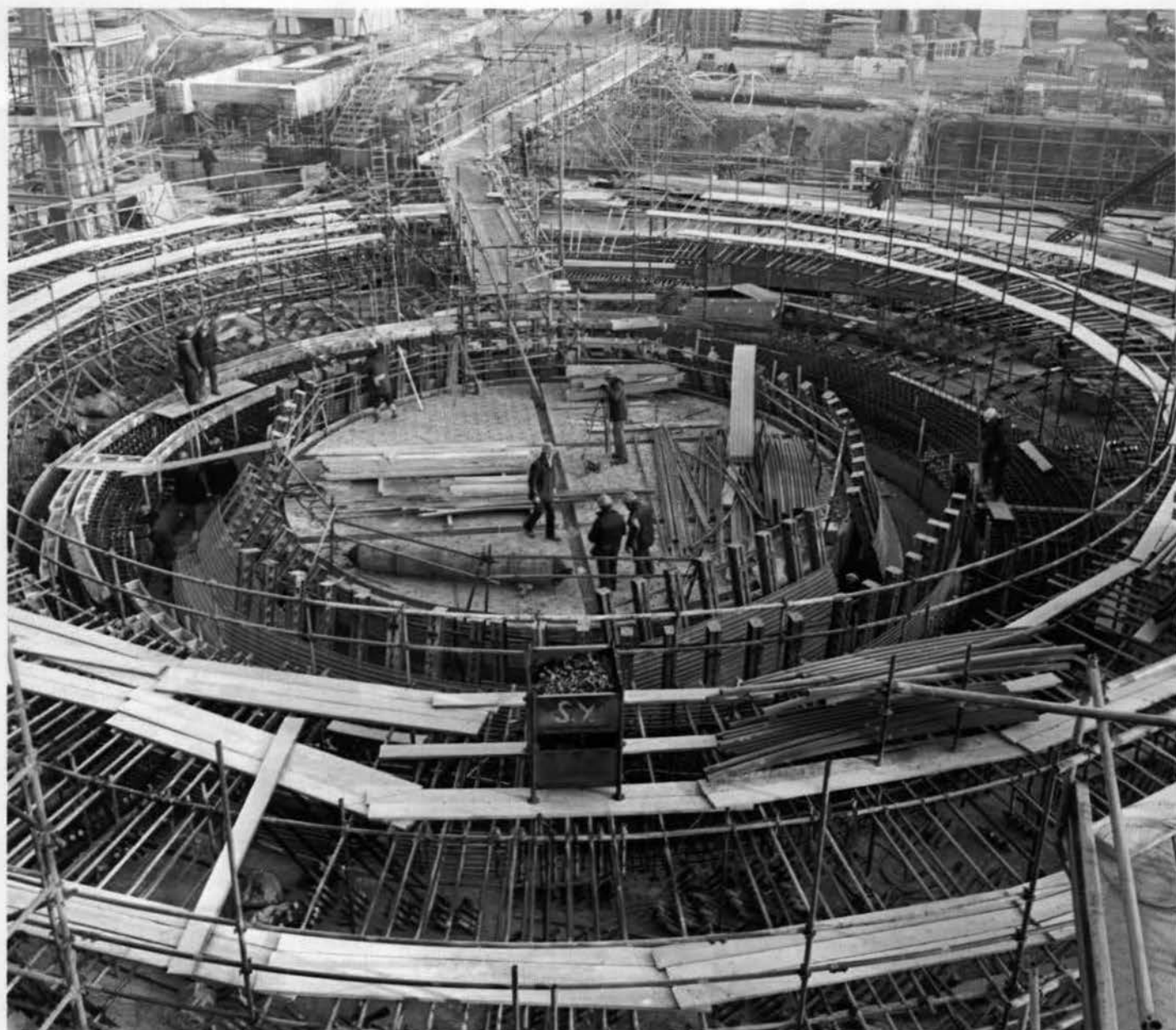
The region is well served by roads, including the M6, which runs the whole length of the region. Other motorways link its various industrial centres. EEC grants have helped to improve roads in the region: both Liverpool and Manchester are currently benefiting from major new roads for which EEC finance has been approved.

The Manchester Outer Ring Road is a top priority for the region. New roads in North Cheshire, the M56 and M531, will help improve links with North Wales.

Manchester's International Airport has also received European money: £1,898,340 has been made available by the European Regional Development Fund (ERDF) towards the cost of strengthening and improving the main runway and runway lighting.

It is easy to think of the North-West only in terms of its industrial and commercial strength. But it is also a region which contains some of Britain's most beautiful countryside, the Lake District. Its coast line is also important, not only for its major ports and manufacturing centres but also for the holiday resorts of Blackpool and Morecambe.

The importance of tourism to the area has brought EEC financial aid to a number of projects, among them the Museum of Child-



The textile industry has been helped by Community-financed training schemes

hood at Lancaster. A large leisure centre has been built on the front at Morecambe with the help of ERDF money. It consists of an outdoor swimming pool, children's paddling pool, band area and recreation ground.

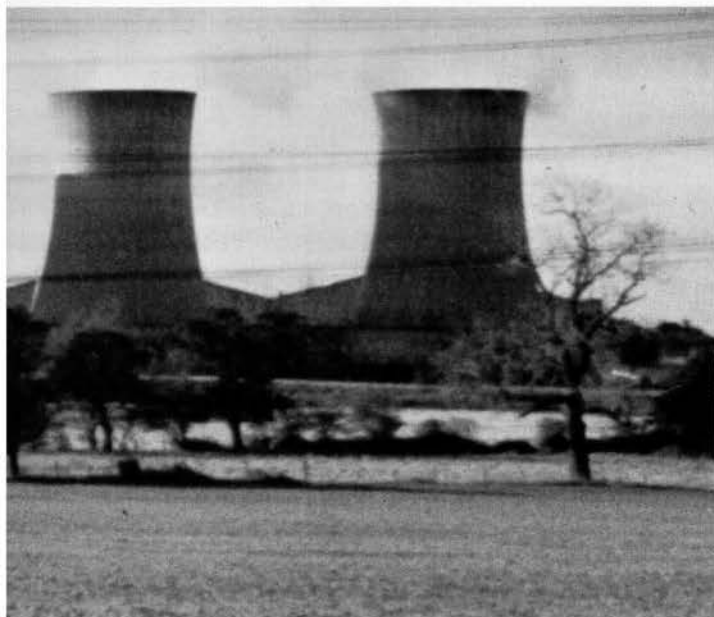
Very soon, though, the holidaymakers on Morecambe sands will have more to look at than the sea and the sunsets for which Morecambe Bay is renowned. Offshore, a huge gas field has been discovered. It is said to have reserves of five trillion cubic feet, which means it is almost one-fifth the size of all the North Sea gas fields put together.

A dozen drilling and production platforms are planned. These will need to be constructed and, eventually, serviced. This could well be one of the most important industrial developments in the North-West for many years.

Heysham harbour (just south of Morecambe) was visited last year by the 345-foot Apollo II drilling rig, which had been towed from Singapore to explore off the British coast. It is currently at work eight miles south of the Morecambe Bay gas field, and 28 miles off Blackpool, in search of other energy resources.

Meanwhile, the race is on to capture the custom of the many international companies and smaller UK concerns, which will need

Heysham (left) is one of four nuclear power stations ordered for Britain's second nuclear power programme. Enrichment of uranium is carried out at Capenhurst, near Chester (left, below). Pictured right: the Ford Escort line at Halewood.



bases close to the gas field in order to service its requirements. Liverpool hopes that some of its docks will be used, but British Gas is expected to name either Heysham, Fleetwood or Barrow as its main supply base.

For the first time in a decade, parts of the North-West can again look forward to a measure of prosperity. Which means there is real hope of new jobs for some, at least, who are at present on the dole.

Ford's £30 million grant from Europe

Ford has recently announced its best car sales for more than 20 years, hoisting its share of the market to nearly 40 per cent. That is good news for the North West, because Ford's second largest manufacturing centre in Britain is on Merseyside.

Ford is also Merseyside's largest private employer, with a workforce of more than 13,000 on the 346-acre Halewood estate. It has three plants at the site – body, assembly and transmission – which have the capacity to produce 1,000 vehicles and 3,000 gearboxes and transaxles each working day.

Since production began at Halewood in 1963, more than 3½ million vehicles – including Anglias, Corsairs, Cortinas, and Capris – have been built. The original Mark 1 Escort was announced at the 1968 Brussels Motor Show, and investment of £205 million was needed to produce the new front-wheel-drive Escort, launched in 1980. The European Regional Development Fund allotted Ford £30 million towards these development costs.

Vauxhall Motors is another large employee in the North West. Its Ellesmere Port plant currently produces all Chevette models, the Astra hatchback and estate cars, and the Chevette light commercial vehicle. It also produces a wide range of mechanical components for use at Vauxhall's Luton and Dunstable plants in the south.

A grant of £1.22 million was made to Vauxhall Motors by the ERDF in 1980/81, towards the Chevette and Astra development costs.

The Ellesmere Port site, occupying a 394-acre area, was opened in 1964. It currently employs 5,600 of the company's total 21,000 UK workforce.

An £80 million loan for BNFL

The North West has been the centre of the UK's nuclear energy programme since the 1940s. British Nuclear Fuels Ltd has its headquarters and three production factories in the region.



BNFL's administration centre is at Risley, near Warrington. Enrichment of uranium is carried out at Capenhurst, near Chester and the conversion of uranium and the manufacture of uranium-based fuels takes place at Springfields, near Preston. Reprocessing of irradiated and spent nuclear fuels is handled by a plant at Sellafield, Cumbria. The company also owns and runs two nuclear power stations – one at Calder Hall, Sellafield, and the other in the south of Scotland.

Capenhurst was first used to produce highly enriched uranium for defence purposes. When this programme ended in 1962, and Britain's civil nuclear power station programme began expanding, it was modified to produce uranium suitable for fuelling power station reactors.

The early method of enriching uranium was known as 'diffusion'. When research and development work at Capenhurst indicated that an alternative process – the 'centrifuge' method – would be more economic, the decision was taken to concentrate all future development in that direction.

Work began on building a centrifuge enrichment plant on the site in 1974, and full commissioning was completed early in 1980. Meanwhile, construction of a second plant began in 1979 and will reach full operation during the 1980s.

To finance the second centrifuge plant, BNFL has borrowed £80 million from the European Investment Bank (EIB). The low interest loan was granted, said the bank, because of the project's importance in helping nuclear power reduce the community's dependence upon oil.

Since 1970, the centrifuge process has been developed commercially by the British, Dutch and West German governments, which have set up a joint organisation, called Urenco, to produce and market enriched ura-

Data from the Apollo II rig is examined by British Gas geologists.

ni-um. A similar plant to Capenhurst's operates at Almelo, Holland. Contracts worth £1,500 million are on Urenco's order book to provide material to customers throughout the world into the 1990s. Those customers include the Central Electricity Generating Board, which has also borrowed money from the EIB for a nuclear project in the North West.

Heysham Power Station is one of four nuclear power stations ordered by the CEBG under the government's second nuclear power programme. Each station has two advanced gas-cooled reactors (ARGs) of British design, fuelled by enriched uranium to produce a controlled supply of heat. That heat produces steam in boilers, which drives turbine-generators to produce electricity in the conventional way.

Two further ARG stations have since been authorised, one in Scotland and the other also at Heysham.

The uranium which will be used at Heysham will first be enriched at BNFL's Capenhurst plant, then sent to Springfields, where it will be made into fuel suitable for use by this and other UK second-generation nuclear power stations.

About 13 per cent of Britain's electricity is already produced by nuclear power, and this is expected to rise to 30 per cent by the 1990s. A kilogram of uranium fuel in an AGR produces the same amount of energy as 80 tonnes of coal.

Fast reactors are 50 times more efficient than existing nuclear power stations. BNFL says that Britain already has a stockpile of uranium to feed them, with the same energy-producing potential as all the known recoverable coal reserves. **E**

Common problems at Versailles

All summit meetings have an element of political theatre about them and frequently they have more political style than hard content. The Versailles gathering of the seven major non-communist industrialised nations together with the European Community was no exception.

For all the pomp and circumstance surrounding the three days of talks by heads of government, foreign and finance ministers, few specific decisions of great moment were taken. But those who participated felt there was more value in the pooling of experience in the face of common problems and crises than was reflected in the final communiqué.

Versailles was also a summit where the agenda, dealing almost exclusively with the global economic crisis, was overshadowed by dramatic events in the outside world. The Israeli invasion of the Lebanon and the continuing war in the South Atlantic was a worrying preoccupation of the leaders of Britain, Canada, France, Italy, Japan, the United States, West Germany, Belgium (representing the EEC Council of Ministers) and the Commission.

Inevitably, the ability of the West's leaders to react to fast-moving events elsewhere was not helped by their distance from their national capitals. Thus it was that President Reagan had to summon his special Middle East envoy, Mr Philip Habib, for a conference in Versailles before despatching him to try and secure a ceasefire.

Distance may also, in part, explain the confusion surrounding the US decision to change its vote against to one of abstention over the UN resolution on a ceasefire in the Falklands fighting. The instructions of the US secretary of state, Mr Alexander Haig, reached New York too late to prevent the US joining Britain in vetoing the motion.

As far as the agenda items themselves were concerned, the Versailles summit marked a turning point in the international discussion of the economic crisis. There was less argument than in the past over whether success in the struggle against inflation was a precondition of success in trying to bring down unemployment, or vice versa.

However, there were some disagreements; and they were not all convincingly pushed under the carpet in the final communiqué. There is still a significant gap between the United States and most of the West European governments (though less so Britain) over the merits of government intervention in the currency markets to try and stabilise exchange rate movements.

In the end, President Reagan (and his Treasury secretary, Mr Donald Regan) agreed to have the whole matter studied to see whether greater intervention might be justified. But although this was hailed by the

JOHN PALMER, European Editor of the Guardian in Brussels, sums up three days of top-level talks held against a background of dramatic events

French finance minister, Mr Jacques Delors, as a breakthrough for the EEC countries, most left Versailles sceptical about whether there would be much change in US policy in practice.

The Reagan Administration was also less unyielding over the opening of the so-called 'global negotiations' – the attempt to agree on a new international economic order between the industrialised and the developing countries. With the present recession, the majority of developed countries are not ready to take even a very self-interested enlightened view on aid and trade, and it remains to be seen whether the US will actually take a less negative stand on issues such as aid and the proposed international energy bank.

For his part, President Reagan came to

Europe and to Versailles determined to persuade his European and Japanese allies to tighten up on credit and trade with the Soviet Union. In fact, the other countries did go further than expected in agreeing to cutback on new credit for trade, partly on grounds of 'commercial prudence' and partly in order to subsidise the Soviet system generally.

The Summit also agreed to increase interest rates and export credit generally – but within a week it emerged that firm agreement on precise new rates was still a long way off. On the other hand, all the leaders readily agreed on the economic and social importance of encouraging the greater use of new technology – a subject selected as a priority theme by the summit host, President Mitterrand.

The final judgement on the Summit, which assembled in and around Versailles for three very hot days, thousands of government officials, security forces and journalists, was that while it may not have done much actual harm, neither had it done much good for the West's economic prospects. But with the political leaders of the West widely photographed and filmed meeting and discussing with their peers, their view remained that summits and summitry remain a political bonus for politicians hard pressed by domestic problems. ☐



'A turning point in the international discussion of the economic crisis'.



Can tourism continue to be a money-spinner?

RON BARRY looks at a report on the performance and prospects in one of Europe's more buoyant industries, and points to changes that lie ahead

Whilst playing host to overseas visitors represents only 5.6 per cent of Britain's foreign income trade, and employs fewer than 2 per cent of the working population, international tourism reduced Britain's balance of trade deficit in 1979 by almost one-third. So it can truly claim to be one of our few boom industries during the current recession.

This is one of the facts to emerge from the recently-published Fourth Report of the Working Group of the national tourist organisations of the EEC, 'The Economic Significance of Tourism within the European Community'.* The report points out that during the decade of the 70s, the number of overseas visitors to Britain more than quadrupled – a performance only bettered by Greece and France. Whilst national press and TV advertising might lead us to suppose that the major-

ity of UK residents nowadays spend their annual holidays in sunnier climes, holidays at home still represent the biggest slice of our tourist trade, contributing a massive £4,566.9 million to the home industry's £7,776.1 million turnover in 1979.

In evaluating the growth of international tourism throughout the EEC as part of the Community's economic development throughout the 1970s, the report notes a substantial rise, reaching its peak in 1979 when tourist receipts by member countries totalled 99 billion dollars, of which 31 billion came from outside the Community. In total, it represents a turnover more than three times total international tourism in North America. Even when intra-Community holiday expenditures are netted out, international tourism within the nine member countries is still 50 per cent greater than in the US.

But whilst it is congratulatory concerning the immediate past, the report sounds an economic warning for the future of the trade. The Nine (as they were then) had a deficit on their tourism account throughout the 1970s, with the majority of member countries spending more on holidaying overseas than has been 'recouped' by their own tourist industries. Foreign holiday spending by EEC residents in 1979 amounted to more than 100 billion dollars, representing more than 7 per cent of all private consumer expenditure and an overall deficit of one billion dollars on its tourism account.

Nevertheless, tourist flows have had a marked stabilising effect on member coun-

tries' balances of payments. Without it, an estimated 10.7-12.8 million people in the Community (over 10 per cent of the total workforce) would have been initially jobless. True, only 4 million of those engaged in the tourist industry have full-time jobs; but it remains a major component of total employment within the EEC and appears to be expanding relative to job opportunity elsewhere in the economy.

Britain remains one of the few Community countries maintaining a favourable balance in its tourism account.

But the gap between holiday-trade income and expenditure has been gradually narrowing since 1977 – when the British were spending less than half their tourist income on holidays abroad – to 1979 when they spent a record £2,429m on foreign travel. The latter still does not compare with the £4.5 million that Britons continue to spend on holidays at home, but the warning signs of gradual imbalance are there.

The major part of Britain's international tourist income still comes from visitors further afield than the EEC. Foreign holidaymakers from outside the Community paid out a record £2,057 million to see Britain during 1979, compared with the £1,138.7 million spent by fellow-members of the Community. Of the latter, the Germans were the biggest spenders, providing £342.5 million of the total, followed by £249.7 million from the French and £178.4 million from Ireland. The Danes spent £49.4 million on holidays in Britain, compared with the £156.9 million they spent in Germany, their favourite Community holiday spot.

What of the future in the Euro-tourist trade? According to the Working Group, prediction of future tourist activity is fraught with pitfalls. But the level of overall economic activity, as measured by income and relative price, remains the major determinant of tourist flows in the medium and long-term. If there is one abiding lesson to be learned by the tourist trade from this analysis, it is that short-term trends and perspectives are misleading.

The recovery of the tourist industry from the last world recession was really quite dramatic, for by 1976 the pre-recession share of tourism in overall economic activity had been regained; and between 1976 and 1979 this share increased by a further 25 per cent. What is most remarkable about this is that, throughout the whole period 1962-76, the share of tourism in economic activity had only increased by around 5 per cent.

Clearly, there were other factors at work besides increased incomes. But given an overall increase in personal income sometime in the future, and a maintenance of holiday opportunities at acceptable prices, what future degree of tourist activity can we bear?

'Short-term perspectives are misleading'

* Published for the Working Group of the National Tourist Organisations of the EEC by the British Tourist Authority, 64 St James's Street, London SW1

Popular holiday resorts and most capital cities in Europe are already bursting at the seams during the present tourist season. Could we sensibly cope with more? Moreover, one of the most distinctive features of the tourist trade is seasonality, which presents the industry itself with specific problems. For many individuals and many regions tourism is a vital source of revenue and employment and off-season periods frequently have to be subsidised by the more lucrative months.

This leads to a sense of insecurity for those involved at all levels in the travel trade, as well as among hoteliers, restaurant and café-owners, car-hire and bus-tour operators and the like. In the economic sense, also, seasonality is undesirable, representing as it does an under-utilisation for much of the year of the

capital stocks which exist to meet peak demand.

For a number of years the trade has been attempting to encourage off-season travel, either in the form of second holidays or as staggered holidays in the periods before and after the summer peak. However, there are virtually no regularly-published figures which would indicate whether or not off-season holidays are gaining in popularity. But, whatever the historical position, more can and should be achieved.

In some Community countries, notably Germany and the Netherlands, school holidays are staggered according to district and where the pattern is followed by local industry, a more even spread of tourism results. Although the summer is the time when this is

of most benefit, staggering can be equally effective at other times of the year. In France, for example, staggering of school holidays in the early part of the year has eased congestion on the roads and also in the ski resorts during the winter months.

Encouraging second holidays is another way in which the tourist industry can attempt to develop off-peak travel whilst increasing its turnover. The family taking a second holiday, however, appear to be looking for a shorter trip with cheaper travel and accommodation. Examined in the light of social-change forecasts for the next decade, the tourist industry may find that people will be less concerned with luxury, and attracted by simpler types of holiday related to physical activities rather than lavish spending. E

TRADE UNIONS SPEAK UP FOR THE JOBLESS

With more than 10 million jobless in Europe, the European Trade Union Confederation has held its fourth statutory congress in The Hague. It has called for positive action by governments to stem the tide of unemployment, following unanimous concern expressed at the March summit meeting of heads of state and government in Brussels.

Among the government, EEC and union officials attending the congress was Gaston Thorn, President of the European Commission. He disclosed that proposals will soon be issued to implement the summit's decision to provide every young person entering the labour market with either vocational training or participation in a job programme. He also promised more social and lending programmes at a European level to help retrain laid-off workers in crisis industries and to stimulate new investment.

EEC officials and trade unionists agree that certain fields are well suited to create additional jobs through investment.

The ETUC general resolution pointed to the need for expansion in such fields as energy, housing, health, transportation, research, anti-pollution and small and medium-sized firms. Many of these views are generally accepted by the European Commission which agrees with the ETUC that there should also be further progress in reducing working hours as a means of creating new jobs.

They would also like to see improvements in the living standards of the workforce. The living conditions of European workers was a major issue at the congress, and ETUC delegates attacked attempts to reduce workers' living standards as being counterproductive to economic recovery.

Union representatives also urged more worker participation in major decisions in their own firms and in important areas of public policy and investment. But the main message of The Hague congress remains that a major initiative on unemployment can be expected from European Community institutions in the near future.

... AND HOW THE COMMUNITY MEASURES ITS UNEMPLOYED

There are estimated to be about 10 million unemployed in the European Community today, but to ascertain the real figure is difficult. Member countries have different ways of registering their unemployed, largely depending on how unemployment benefit is paid. Most countries exclude part time workers from their unemployed numbers, thus ignoring a large sector of women workers.

The general definition - 'registered unemployed persons are persons without work who have registered at public employment offices, are seeking work and are available for work immediately' - applies to all countries in the European Community. Those who register with employment offices are considered to be seeking work.

'Work' here usually means full time work of 35 to 40 hours, depending on national conditions. In Germany, part-time workers are included in the figures only if they wish to work a minimum 20 hours a week, or 25 in the Netherlands. People seeking part-time work are not included in unemployment figures in France, Ireland, Denmark and, in practice, the United Kingdom. But they are included in Italy, Greece and Belgium.

While most countries include among the

unemployed young people under 25 years old who are seeking industrial training, Germany and Greece do not. In Ireland, such people are only included in the unemployment statistics if they can claim benefit. But as few meet the necessary requirements, they are virtually excluded.

People returning to work after long periods of unemployment, such as housewives, are usually included in the statistics. But this may depend on whether they are eligible for benefit, as in Ireland and Denmark.

In most countries, those on retirement pensions are excluded from the unemployment figures. France and the UK are exceptions here. In France, which does not operate an upper age limit, pensioners can, in principle, be included in the registered unemployment figures if they fulfill the general conditions of unemployment. This also applies in the UK, provided the pensioner is seeking a full time job. He or she may, however, only earn a limited sum, otherwise the pension is reduced.

In Germany and Belgium working life can start at 14 years of age, but 15 or 16 is more usual in other countries. There is no upper limit on working age in France, Italy, the UK, Denmark and Greece as far as unemployment statistics are concerned. But Federal Germany, the Netherlands, Luxembourg and Ireland set a maximum of 64 years. In Belgium, the maximum age for men is 64, and 59 for women.

As a rule, all countries require regular attendance at an unemployment office. The time span varies greatly, however, from daily in Belgium and sometimes in Ireland, to weekly in Luxembourg, fortnightly in France and the UK, and monthly in Italy, the Netherlands, Ireland, Denmark and Greece.

In Germany the unemployed person has to attend only if so requested by the employment office, but such an invitation should be made at least once every three months. There are also checks, possibly by personal contact with the persons concerned, to ensure that conditions for unemployment are still met before the monthly unemployment register is compiled. E

THE FALKLANDS

Community diplomacy at work

CAROL COSGROVE TWITCHETT outlines the Community's actions when faced with the first military threat involving an EEC member state

The Falkland Islands crisis was the first occasion when the European Community exerted diplomatic and economic muscle to aid a member state involved in military conflict. The aid did not extend to the military field. The Community has little prospect of having a military role in the Falkland Islands or any other conflict situation. It functions as a *civilian power*; without a military dimension, but exercising international influence through diplomatic, economic and legal means.

Eberhard Rhein outlined fully the details of the Community's initial response to Argentina's invasion of the Falkland Islands in the last issue of EUROPE 82. That response was characterised by relative speed and clarity of action, features not normally associated with

Community affairs. Community actions are usually preceded by long-drawn-out negotiations and are compromises based on the Ten's competing interests; as such they are often founded on the lowest common denominator of agreement. The original one-month embargo on Argentine imports, combined with the earlier suspension of arms shipments, was the most dramatic Community action to date against any country.

This Community endeavour was based on two articles of the Rome Treaty: Article 113 of the Commercial Policy section which relates to concluding trade agreements with third countries and Article 224 which permits collective action if the common market's functioning is affected by measures taken by a member state 'in the event of war or serious international tension constituting a threat of

war, or in order to carry out obligations it has accepted for the purpose of maintaining peace and international security'.

The crisis demonstrated the worth of the Ten's political cooperation machinery. Under the auspices of the Committee of Permanent Representatives (COREPER), the Ambassadors of the Ten to the Community were in regular consultation. Crucial consultations were undertaken between the Commission and COREPER. Information flowed between the Foreign Ministries and meetings at all levels from Foreign Minister downwards.

Of particular importance was communication between the Political Directors responsible for Community affairs in the Foreign Ministries. The *Correspondent* level was crucial: the Correspondents are senior officials responsible to the Political Directors, who operate the political cooperation machinery at the day-to-day level and are linked by the COREU direct telex. UKREP, the British mission to the Community, was in touch with its equivalents directly and indirectly through the Correspondents in the capitals of the Ten. Although only occasional, of the greatest importance were the ministerial meetings between the Ten such as that at Villers-le-Temple, Belgium.

'The crisis demonstrated the worth of the Ten's political cooperation machinery'



'France has good reasons for backing the United Kingdom...'

Community exports to Argentina

	(US\$m)
Federal Republic of Germany	1253
Italy	635
France	432
United Kingdom	402
Netherlands	183
Belgium/Luxembourg	125
Denmark	40
Ireland	11
Greece	1
Community Total	3083

Community imports from Argentina

	(US\$m)
Federal Republic of Germany	709
Italy	498
Netherlands	483
France	296
United Kingdom	266
Belgium/Luxembourg	155
Denmark	138
Greece	52
Ireland	5
Community Total	2552

The relatively quick and generally supportive Community response to the British predicament contrasted dramatically with the early American attitude as personified by President Reagan's remark that the United States was a friend of both Argentina and the United Kingdom (the United States, of course, later became very supportive of the British position). The Community response also differed sharply from its earlier hesitant and piecemeal reactions regarding Iran's seizure of the American hostages and the imposition of martial law in Poland. The response, moreover, underlined the diplomatic advantages of Community membership; an important aspect considering the United Kingdom's strained relations with her partners over the Community budget and farm prices.

The original negotiations among the EEC ambassadors lasted several days and revealed some misgivings over the proposed import ban. There were fears of a possible trade war between the Community and Latin America and some reluctance to undermine trade relations with Argentina. The accompanying tables set out the latest trade figures.

The West Germans, despite being the most important trading partner (40.6 per cent of Community exports and 27.8 per cent of imports), supported the initial embargo on Argentine imports in the interests of Community solidarity. The total ban on arms exports also hit the Federal Republic, which had several warships under construction for the Argentine navy.

For Bonn, Community unity was more important than economic self-interest—a view no doubt reinforced by the calculation that the precedent would be helpful should another Berlin crisis develop. The Greek attitude was influenced by a similar calculation regarding a possible renewal of the Cyprus conflict. Notwithstanding differences over Community finance and agriculture, France also had good reasons for backing the United Kingdom, as

her own former colonial empire is scattered around the globe and she probably could not mobilise a naval task force as readily as the British did.

Support for the United Kingdom was not without qualifications. The reservations were such that there was no question of withdrawing Community ambassadors from Buenos Aires. The suspension of export credits to Argentina was also left to individual national governments (a majority, in fact, expressed their willingness to suspend them). Italy and Ireland had doubts over the import embargo, and subsequently modified their positions. Italy is Argentina's second largest trading partner (20.6 per cent of Community exports and 19.6 per cent of imports). In particular, the important Italian footwear industry uses considerable quantities of Argentine leather. Other factors behind Italian hesitancy were cultural ties and the large Italian population in Argentina.

'The Falklands crisis demonstrated the worth of the Ten's political cooperation machinery'

Ireland is Argentina's least important trading partner among the Ten (0.36 per cent of Community exports and 0.2 per cent of imports). However, the Irish have traditionally been reluctant to support the British, particularly in situations having colonial overtones. Dublin was especially wary of appearing to support London in a distant conflict over sovereignty where parallels with Ulster might conceivably be drawn. In external relations Ireland is often out of step with her Community partners. For instance, she is the member

with the lowest degree of Community voting alignment in the United Nations General Assembly, is a long established associate of the non-aligned states at the United Nations, and has never been a NATO member.

Despite the various reservations, the need to strengthen the United Kingdom's diplomatic leverage in seeking a peaceful settlement to the crisis won the day. Therefore, following the British sinking of the Argentine cruiser, the General Belgrano, it was perhaps not surprising that public Community support for the United Kingdom appeared to weaken. France, Italy and West Germany called for an immediate ceasefire, while Ireland initially sought an immediate meeting of the United Nations Security Council and the end of Community economic sanctions.

Only Italy and Ireland, however, have not implemented trade sanctions on a continuous basis. It is too early to predict either the final outcome of the Falkland Islands crisis generally, or future Community responses to British actions. However, two general points can be made. If the Community continues to give public backing to the British cause, then pro-Community sentiment in the United Kingdom is likely to increase. London might even begin to place Community interests above narrow economic self-interest.

But if Community support falters, then anti-Community feeling in the United Kingdom will probably grow.

□ Carol Cosgrove Twitchett is managing director of the Overseas Trade and Development Agency and a visiting fellow at the University of Reading. The importance of the European Community as a framework for diplomatic action is considered in depth in her book *Building Europe: Britain's Partners in the EEC* (with Ken Twitchett), Europa, 1981.

'Frankness and trust may now be even more essential in the partnership of equals'

Britain and America have never ceased to play important roles in each other's history. On the whole it has been a productive and creative relationship, perhaps one of the most durable in the history of nations. In the last 200 years, we have approached each other sometimes warily, and dealt with foreign affairs often from different perspectives. Still, on balance, the relationship has been of considerable benefit to world peace.

The ease and informality of the Anglo-American partnership has been a source of wonder – and no little resentment – to third countries. Our postwar diplomatic history is littered with Anglo-American 'arrangements' and 'understandings', sometimes on crucial issues, never put into formal documents.

For a brief moment in the early 1970s, Britain seemed to decide to put an end to the special relationship in order to prove itself a 'good European' in the year that it entered the European Community. The attempt was short-lived. By 1976, James Callaghan and Anthony Crosland had restored the traditional close relationship – without resurrecting the label – and it was enormously valuable, indeed indispensable, in the Southern Africa negotiations that began in that year. The practice of collaboration thrives to our day, with occasional ups and downs but, even in the recent Falkland crisis, an inevitable return to the main theme of the relationship.

CLEARLY, British membership of Europe has added a new dimension. But the solution, in my view, is not to sacrifice the special intimacy of the Anglo-American connection on the altar of the European idea, but rather to replicate it on a wider plane of America's relations with *all* its European allies, whether bilaterally or with a politically cohesive European Community – that is for Europe to decide.

The special frankness and trust that may have been originally resorted to as compensation for a disparity of power may now be even more essential in the partnership of equals that must characterise the future relations between America and Europe.

In fact, Europe has been a traumatic issue for both Britain and the United States. Americans often forget that Britain, too, has been a reluctant internationalist, at least as far as Europe was concerned. Tradition pulled Britain across distant oceans.

The glory of foreign policy was identified with Empire and Commonwealth; its problems and perils with the continent of Europe. It was Czechoslovakia – in the heart of Europe – which Chamberlain described as a small, faraway country of which Britons knew little, after a century and a half of fighting on the borders of India.

In Britain, reluctance to enter Europe was always bipartisan, and somewhat mystical. Only after Suez did the risks of isolation become obvious, as well as the opportunity that the emerging Europe offered for exercising in a different but equally effective form of Britain's traditional role of guardian of continental equilibrium. If the economic benefits were ambiguous, the political necessities were not: only as one

of the leaders of Europe could Britain continue to play a major role on the world scene.

If Britain has had a difficult adjustment to make in its relationship to

HENRY KISSINGER reviews the fluctuating pattern of relations between the United States, the United Kingdom and Europe since Britain joined the EEC



**'A Europe reasserting its
personality was bound to seek to
redress the balance of influence
with the United States'**

Europe, so has the United States. After the war, American leaders applied a heavy dose of our usual missionary zeal, and the full rigour of our 'problem-solving' energy to the task of promoting European integration.

Despite the idealism of our commitment, tensions between America and a unified Europe were inherent in the logic of what we were so enthusiastically endorsing. We had grown accustomed to the devastated, temporarily impotent Europe of the post-war period; we forget the Europe that had launched the industrial revolution, that had invented the concept of national sovereignty, and that had operated a complex balance of power for three centuries.

A EUROPE reasserting its personality was bound to seek to redress the balance of influence with the United States; Charles de Gaulle in this respect differed largely in method from Jean Monnet, who never disguised his hopes for a more powerful and effective European voice.

Thus, later American disillusionments were inherent in our goals. It was naive for Americans to take for granted that a federal Europe would be more like us, that a united Europe would automatically help carry our burdens, and that it would continue to follow American global prescriptions as it had in the early postwar years of European recovery—and dependency. That cannot be so.

Yet even if some of our more unhistorical expectations were disappointed, our original judgement was correct: European unity, strength, and self confidence are essential for the future of the West. It is beyond the psychological resources of the United States—not only the physical—to be the sole or even the principal centre of initiative and responsibility in the non-Communist world. (This is one reason why I always favoured the independent British and French nuclear deterrents.)

American support for European unification was therefore an expression of self-interest even if paraded under the banner of altruism; it was to our advantage even if we paid occasionally in the coin of clashing perspectives—provided we found a way toward creative unity on fundamentals.

I N A period of nuclear stalemate, ironically, conflict became more likely at the level of local, non-nuclear crisis. In an age of decolonisation, many of these clashes were bound to occur in the Third World. This was another area in which, in the immediate postwar period, American and European attitudes diverged sharply.

As Europe decolonised, partly under American pressure, there began a reversal of roles, the march by each side towards the philosophical positions vacated by the other—to an American focused on international security and a Europe affirming general moral precepts of conduct. On Third World issues especially, many in Europe have ended up adopting the attitude embodied in Roosevelt's anticolonialism and Eisenhower's conduct over Suez.

Now Europe would seek to identify with Third World aspirations, economic and political, intensifying its efforts at conciliation the more insistent, pre-emptory, and radical that Third World demands become. At the same time, the United States at least in some administrations, has come to a perception closer to Eden's: that appeasement of radical challenges only multiplies radical challenges.

I do not claim that the United States is always correct in its perceptions. But Europeans ought to take care not to generate such frustrations in America that either an embittered nationalism, or

unilateralism, or a retreat from world affairs, could result.

I fully acknowledge that the United States by its actions has sometimes stimulated or intensified the feelings in Europe that Europe had to strive to maintain its own interests, its own policies, its own identity. Indeed, as I said, naive American expectations that a rejuvenated Europe would follow our lead are partly responsible for the sometimes petulant reaction to Europe's assertions of its own role.

In recent times, the United States may have appeared unintentionally callous toward the danger of nuclear war, or insufficiently alert toward the opportunities for peace. But the United States has nevertheless been more nearly correct than those who seek peace not backed by strength will sooner or later find the terms of peace dictated to them; that peace to be meaningful must be just; that nations live in history, not Utopia, and thus must approach their goals in stages. To ask for perfection as a precondition of action is self-indulgence, and in the end an abdication.

Observers, including myself, have been sounding the alarm for decades about this or that 'crisis' in the Western alliance. But today's, I am afraid, is more genuinely, objectively, serious than ever. It comes after decades of a relentless Soviet military buildup, when the West, for a decade, is edging in some areas toward a dangerous dependency on economic ties with the East; while in Poland the Soviet Union enforces the unity of its empire, its clients press on to undermine the security interests of the West from South-east Asia to the Middle East to Africa to Central America.

Not all our difficulties are caused by the Soviet Union, but the Soviet Union has shown little restraint in exploiting them; and their solution—whatever their cause—has been impeded by the lack of a unified Western response.

O NE OF Britain's contributions to the Western alliance has been to supply a needed global perspective: the knowledge, from centuries of experience in Europe, that peace requires some clear-eyed notion of equilibrium and a willingness to maintain it; the insight, from centuries of world leadership, that Europe's security cannot be isolated from the broader context of the global balance; the awareness, from heroic exertions in this century, that those who cherish the values of Western civilisation must be willing to defend them.

In the Falklands crisis, Britain has reminded us all that certain basic principles, such as honour, justice, and patriotism, remain valid and must be sustained by more than words.

The issue before the allies now is not to assess blame but to face our future. An alliance at odds over central issues of East-West diplomacy, economic policy, the Middle East, Central America, Africa, and relations with the Third World is in serious, and obvious, difficulty. Indeed it cannot be called an alliance if it agrees on no significant issue. Sooner or later such divisions must affect the field of security.

For too long, all of us in the community of free nations have put off the uncomfortable questions; our evasions are now coming home to roost. Thirty-five years ago after the war, the democracies for a time overestimated the immediate dangers and underestimated their own capabilities; yet in the end they came up with a creative and effective response. Today too, we may be underrating our own capacities and confusing long- and short-term dangers.

Both Britain and America have learned that whatever their histories, their futures are part of the common destiny of freedom. Experience has taught that moral idealism and geo-political insight are not alternatives but complementary; our civilisation may not survive unless we possess *both* in full measure.

Britain and America, which have contributed so much to the free world's unity and strength, have another opportunity now, together with our allies, to show that the democratic nations are the masters of their destiny.

□ This is an edited version of Dr Kissinger's speech at the Royal Institute of International Affairs on 11 May, to mark the bicentenary of the office of Foreign Secretary.

'I do not claim that the United States is always correct in its perception'

Is Europe's anti-poverty programme really working?

Increasing dependence on state aid may be producing a category of second-class citizens, warns a newly-published report

In all ten Community countries there are people who cannot afford the minimum acceptable way of life of the member states in which they live. The worst affected groups are the elderly, the unemployed, and those living in one parent families. Their numbers are increasing, and poverty is becoming more widespread.

Yet most Europeans are better off than they have ever been – despite the recession. Could the EEC nations eliminate poverty, through an internal redistribution of resources? In some countries research has been done into what action is needed; it is only the political will that is lacking.

These are the broad conclusions of a study of the European Community's anti-poverty pilot programme, which ran from 1975 to 1980, published in April. *The authors pose a central question for policy-makers at national and European levels: 'Will those dependent on the state become a stratum of second class citizens – stigmatised, supervised and resentful – or will new rights to share in society's prosperity, irrespective of employment status, be worked out?'

'In the UK, the programme covered welfare rights projects in Belfast and Wolverhampton'

The only way to eliminate poverty, they say, is 'to reduce the inequalities in society which leave the lower level so vulnerable. As a beginning, a minimum wage policy that keeps pace with inflation seems essential, provided it is backed by a strong family policy.'

The European programme of pilot schemes to combat poverty was designed, in the words of the EEC Council of Ministers in 1975, to promote an improved understanding of 'the nature, causes, scope and mechanics of poverty'. It involved two main elements: a series of cross-national studies on specific aspects of poverty, and a wide range of locally

based action projects, including fourteen in the United Kingdom.

In the UK, the programme covered welfare rights projects in Belfast and Wolverhampton; day centres – six in London and one in Liverpool – to provide services such as daytime childcare, and a general framework for mutual aid and support; area resource centres in London, Merthyr Tydfil and Glasgow; and two social and community development programmes in Edinburgh, one of which – the Craigmillar Festival Society – was the largest UK project.

The anti-poverty programme started in November 1975, was extended in December 1977, and finished in November 1980. The EEC provided a budget of more than £12 million, with national governments or local authorities contributing half the cost of the local action projects.

To evaluate the programme, the European Commission contracted a two-year study by the European Social Policy Observation, Information and Research (ESPOIR) unit, which was based at the University of Kent between 1978 and 1980. The unit's work was used by the European Commission in drawing up its final report, submitted in December 1981 to the Council of Ministers and the European Parliament, who will decide whether or not to mount a new anti-poverty programme.

The four authors of the study – Jane Dennett, Edward James, Graham Room and Philippa Watson – are all members of the ESPOIR unit, which is now based at the University of Bath. Their book is a revised and condensed version of the ESPOIR report.

Several projects highlighted the poverty of marginal groups: vagrants in Stuttgart, nomads in Ireland and France, 'problem families' in London, 'down-and-outs' in Copenhagen, and the 'Fourth World' – defined as the bottom two per cent of society, which is excluded from the normal social, political and economic systems.

Others revealed the increasing difficulties of much larger social categories. 'The elderly are probably the largest group among the poor,' say the authors. 'Even Federal Germany's state pension scheme does not prevent an appreciable number of them from living in poverty.'

The research also shows that a woman who is not linked with a male bread-winner runs a severe risk of poverty. 'No anti-poverty policies can ignore the inequality between the sexes, in pay, social security, family law and other fields. The majority of the poor are either women, or children dependent on unsupported mothers.'

Experience of the anti-poverty programme, say the four authors, shows the importance of developing public services which do not segregate the poor from the rest of the population, but allow them to take part in making and operating the policies designed to help them. Anti-poverty measures are most effective if they tackle related problems like unemployment and bad housing as well.

These problems are *European* problems, they say, because they take many similar forms in the different member states, and are associated with wider social, economic and political changes which transcend national boundaries.

'Poverty has increased since the start of the programme, and is likely to get worse'

The programme certainly demonstrated that poverty is endemic in the Community, say the researchers. Moreover, it has actually increased since the start of the programme, and is likely to get worse. They say:

'It is likely that unemployment will persist and even grow. At the same time, the proportion of one-parent families may well continue to increase; and this, together with an ageing population, will further add to the proportion of the population dependent on the state.'

The authors suggest that, in practical terms, the record of the anti-poverty programme compares favourably with other Community interventions, considering that it was a novel programme, speedily mounted and with very short time limits for the adoption of new schemes.

Greece's admission to the EEC, and the impending entry of Spain and Portugal, will add to the pressures for more energetic social policies at Community level, including measures to combat poverty in its various forms. But, the authors add, it is impossible to be optimistic. 'The poor lack any significant political power and influence, and their advocates are heard only with impatience, especially at a time of austerity.'

**Europe Against Poverty: the European Poverty Programme 1975-80.* By Jane Dennett, Edward James, Graham Room and Philippa Watson. Published by the Bedford Square Press, £10.95.

EURO FORUM

World tributes to the Community's 25 years of growth

The Community celebrated the 25th anniversary of the signing of the Treaty of Rome with congratulatory messages from a number of governments, including the United States, and a special ceremony at the Palais des Academies in Brussels.

Hosted by King Baudouin of Belgium on the first day of the European Summit meeting, the spectacle brought together government leaders, celebrities, officials and politicians who had been closely involved in building the European Community.

Speeches, followed by a gala lunch, were made by King Baudouin and the four Presidents of the Community institutions: Gaston Thorn for the Commission, Belgian Foreign Minister Leo Tindemans for the Council of Ministers, Piet Dankert for the Parliament and Josse Mertens de Wilmars for the Court of Justice.

They reflected a mixture of pride at the developments over the last 25 years and frustration at the inability of the Community to overcome its current difficulties.

King Baudouin paid tribute to the authors of the Treaty of Rome, who 'with great sagacity laid the foundations of the gradual development which has taken place' and welcomed the fact we had overcome 'some of the excesses of the exaggerated nationalism of 19th century Europe'.

Mr Mertens de Wilmars stressed the

Gaston Thorn launched an attack on protectionist tendencies and 'the insidious return of inter-governmental deadlock'

need to press on towards even closer union, and in doing so to respect the law once agreement has been reached, while Mr Dankert called for the juridical reality of the Treaties, set down in 1957, to be reconciled more closely with the political reality of European society gradually approaching the year 2000.

Mr Gaston Thorn launched a strong attack on nationalist and protectionist tendencies and 'the insidious return to inter-governmental negotiations and traditional deadlocks'. This could only be avoided, he argued, by stripping governments of the right to veto any community idea to which they object.

But while the Community was examining the reasons for the present impasse, governments elsewhere in the

world sent messages of congratulation for the achievements of the last 25 years. They come from countries as far apart as Australia, the United States, Japan, Norway, Honduras, Ireland and Australia.

At the formal ceremony, official approval was also given for the establishment in Paris of the European Foundation to encourage professional and cultural exchanges.

ON THE LINE

The economic recession is seen by the European Commission as a direct threat to its competition policy, which tries to ensure that there are no artificial distortions in the market economy.

The recently published annual report on competition policy reiterates the Commission's determination to ensure that firms can develop new techniques and new products and exploit them efficiently by using the competition rules established by Articles 85 and 86 of the Treaty of Rome, backed up by heavy fines if necessary.

The report emphasises the importance of helping small and medium sized enterprises in their 'crucial role' of creating jobs and assisting structural change. It reaffirms the Commission's belief that they can operate well in markets where large firms operate.

There is also a growing tendency in the member states to use national aids to protect industries. The Commission is keen to strike a 'realistic balance' between halting aids which jeopardise the unity of the market and allowing those aids which contribute to the Community's economic and social recovery.

Subsidiaries of multinationals based in Third World countries are given special attention in the report which reminds them that, if located in the Community, they are subject to its competition rules no matter where their headquarters are situated. The report emphasises that Community law has established the fact that parent companies cannot claim immunity from proceedings for alleged breaches of competition rules on the grounds that the rules do not apply outside the Community.

As a result, the Commission will be paying particular attention to abusive practices of large firms such as discriminatory pricing to retain a dominant position or fidelity rebates to customers.

*Energy***New funds for nuclear energy research**

European Community science ministers recently approved a £347 million research programme into thermonuclear fusion – regarded by scientists as a potentially inexhaustible source of cheap energy.

The funds for the programme, which will run from 1982-1986, will be divided almost equally between the Joint European Torus (JET) fusion project, based at Culham in Oxfordshire, in the UK, and a more general programme to encourage investigation into other fusion aspects.

Switzerland and Sweden, which are associated with the JET project, are to contribute to the financing, and the Commission has been asked to continue exploring possible future collaboration with two other international fusion powers, the United States and Japan.

Community Energy Commissioner Etienne Davignon said that the new programme would ensure that the Community maintained its leading role in fusion research and development.

The Ministers also approved a new 1982-85 research programme on raw materials, which covers metals and minerals, wood and recycling of non-ferrous metals.

*Energy***Ten agree on oil stocks**

Community governments have agreed to maintain their reserve supplies of oil at 90 days of 1980 consumption levels.

The decision, taken by the ten energy ministers, was based on the reasoning that this would provide the Community with greater protection against any sudden fall in supplies than if 1981 was taken as a base year, when the economic recession led to a fall in use of oil.

Despite the current oil surplus, Commissioner Davignon warned governments in March that there was no room for complacency. He told Ministers that, between April and October last

*Industry***Europe's steel faces a dismal future**

The Community last year produced 125.1 million tonnes of steel – just slightly below the 1980 output of 127.7 million tonnes. But consumption fell sharply and at 102.9 million tonnes, was some 8 million lower than in 1980.

In its review of the steel industry last year, the European Commission points out that, despite compulsory ceilings on output, there was fierce price competition between producers. By the middle of the year, faced with low prices and low capacity utilisation, the vast majority were in dire financial straits.

The situation improved somewhat in the second half of the year as further compulsory and voluntary production ceilings were introduced.

*Employment***Crackdown on the moonlighters**

The European Commission intends to take action to prevent 'moonlighting', as part of a Community-wide campaign.

Although the Commission recognises that illicit employment shows a demand for a more flexible economy, the way things stand at the moment means that it aggravates labour tensions and is socially divisive.

The Commission believes that the growth of illicit employment distorts competition between member states, weakens legal and taxation systems and encourages absenteeism.

It intends to examine the feasibility and effectiveness of a Community campaign against illicit employment, but in the meantime wants member states to try to improve the application of laws that already exist in an effort to re-integrate illicit employment into the structure of the economy.

year the Community's stocks had fallen by 10 million tonnes, the equivalent of eight days use.

*Third World***Should Lomé be more flexible?**

The Development Commissioner responsible for relations with the Third World, Edgard Pisani, has been sounding out Community governments on ways of improving co-operation with the 62 African, Caribbean and Pacific (ACP) signatories of the Lomé Convention.

The Convention establishes special aid and trade links between the Community and these countries and runs until the end of 1985. Negotiations for its renewal are due to start next year.

Mr Pisani's travels have taken him to a number of European capitals already and he intends to visit Africa and the Caribbean before the summer. As well as government officials, he has contacted trade unions and employer organisations.

Among the points he is raising are the merits of forging special links with other Third World countries and the desirability, or otherwise, of making the Convention more flexible to cater for the different needs of the ACP countries.

He is also asking governments their opinions on whether the Community's aid should be diverted away from ambitious infrastructure projects towards technical assistance and basic training schemes.

Ten co-operate with Chinese

The Community and the People's Republic of China have agreed to co-operate on a number of energy projects – a partnership that was cemented with the signing of contracts when a Chinese delegation visited Brussels in mid March.

The party of senior Chinese officials, led by the Deputy Chairman of the State Commission for Science and Technology, Mr Yang Jun, was repaying an earlier visit to China by top Community civil servants.

The co-operation will include a num-

ber of European experts spending April to October this year in China giving training on energy planning to senior administrative officials, managers from the energy industry and university lecturers.

Further training on energy planning will be provided for Chinese managerial staff at the Community's joint re-

Neither up nor down

Consumer confidence in the future has remained remarkably steady over the past year. Figures compiled for January show the same results as a year previously for eight member states surveyed. The exceptions were Luxembourg and Greece. The most optimistic were the Italians and the least the Danes.

THE NEWS IN BRIEF

Aid flows

Special measures for investment and infrastructure programmes in the United Kingdom have been adopted by the European Commission. The measures are part of a package agreed two years ago to offset the UK's problems with its contributions to the Community's budget, problems which have still not been solved. The amount allocated to the UK now tops £1.68 billion.

Fewer jobless

Unemployment in the Community fell by 0.8 per cent or 100,000 to 10.7 million between January and February. This amounts to 9.7 per cent of the civilian working population. The only country to show an increase was the Netherlands and the best result in creating jobs was in Greece.

Thorn meets unions

President Gaston Thorn and other members of the European Commission had talks in Brussels recently with representatives of the ETUC, which groups national trade union bodies at Community level. The main items on the agenda were the Commission's economic, industrial and social policies and the international economic climate in which these policies must be framed and implemented.

search centre in Ispra in Italy and there will be a study of methods of evaluating energy supply and demand in rural and industrial China.

The delegation also had an opportunity to discuss a range of technical problems with national bodies when in Europe. Of special interest were coal extraction technology, mines safety, the gasification and liquefaction of coal, safeguards at hydroelectric dams, refining methods and energy saving.

Elections

The European Parliament backs uniform voting system

Plans to introduce a unified proportional representation electoral system in the Community for the 1984 elections to the European Parliament have been supported by a majority of Euro-Parliamentarians.

If approved by the Council of Ministers, voters will be asked to turn out on a Sunday in June 1984 to vote for members of the second directly elected European Parliament on a continental system of PR giving more control over representation to the political parties.

Tough resistance to the new system is expected to come from the British Government which still retains the one man one vote - first past the post system.

The introduction of PR in Britain would enhance the chances of Liberal or SDP candidates being elected to the Assembly. The one man one vote system left the Liberals unrepresented in the 1979 elections despite having polled 12 per cent of the vote.

Despite strong attempts by both Conservative and Labour MEPs, the Parliament opted for a unified electoral procedure by 138 votes to 77 (with 24 abstentions).

Under the proposed system the 1984 seats would be allocated on the basis of the order of names on the voters list, rather than on the basis of the number of votes secured by each of the candidates on the list. This leaves the way clear for well known politicians to be sent into a constituency for the first time and still do well on polling day because their name heads the list.

Marketing

Community car in prospect

Only three items of Community legislation remain to be approved by governments before new motor cars meeting these Community standards may be marketed in the ten member countries without having to fulfil other national requirements.

The outstanding issues in a long list of measures that have gradually been adopted over the years cover safety glass, tyres and weights and dimensions.

Although the Community type-approval procedure for motor cars is not yet in operation, the individual measures, at the request of manufacturers, are being taken into account by governments when granting national type-approval for the imported vehicles.

One of the remaining difficulties lies in the extent to which motor cars imported from third countries should be eligible for inclusion in the Community scheme. Governments are still examining the European Commission's idea for a special certification procedure for such vehicles.

Human Rights

Protection for the individual

The European Parliament has called for legislation to protect the individual's right to privacy at a time when the use of computerised data banks is expanding rapidly.

A report passed in the March session said that legislation should allow people to sue for damages if information used in data banks owned by public authorities or private firms was inaccurate. Individuals would also have access to information concerning them and the right to correct misleading or erroneous facts.

The report, drawn up by the German Socialist Helmut Siegler Schmidt, says that protection from the use of personal information on ordinary citizens in data banks should be considered a fundamental human right.

EUROPEAN REVIEW

New focus on film industry

The European film industry is in danger of 'suffocation' by an interpretation of the Rome Treaty in a manner systematically favourable to commercial interests, according to a report recently adopted by the European Parliament.

MEPs want the European Commission to review its position of warning the British, West German, Italian and Danish Governments that national aids to the film industry are 'discriminatory'.

'Cinema should be considered from the viewpoint of cultural and social objectives,' the MEPs say.

There is no 'fundamental contradiction' between encouraging film industry and obeying the Rome Treaty principles of free competition in labour and services, the Parliament declared.

Action on trade with Japan

The Community has decided to turn to dispute procedures laid down in the General Agreement on Tariffs and Trade (GATT) in a bid to force the Japanese to open up their market to Community exports.

The move, approved by the Ten's Foreign Ministers towards the end of March, was taken despite recent Japanese efforts to improve their trade relations with the Community which were regarded as unsatisfactory by the Ten.

These include the establishment of a trade ombudsman and a reduction in a large number of tariff and non-tariff barriers. Foreign Ministers admitted these 'reflected an encouraging political awareness', but added 'their practical effect on the evolution of trade would be very limited'.

Part of the Community's trade difficulties with Japan are considered to stem from the undervaluation of the Yen — a subject examined recently for the first time by Community Ministers.

They agreed that macro-economic policy aspects, like

the evolution of the Yen, in future would form an essential element in the Community's position towards Japan. They pointed out that if Tokyo wished to reap the benefits of free trade, then it would have to participate fully in the rights and responsibilities involved in the international monetary system.

The first stage in the GATT procedure involves Japan and the Community attempting to settle their differences. If this fails then the matter is handed over to a special GATT panel.

The procedure could prove extremely lengthy, but External Affairs Commissioner, Wilhelm Haferkamp assured Foreign Ministers the first stage would be well under way before the opening of the Western economic Summit, where the Community and Japan will both be represented, in Versailles on June 4.

Poverty on the increase

'Poverty not only still exists but is on the increase in all member states,' Ivor Richard, the Social Affairs Commissioner, recently told members of the European Parliament.

He provided statistics showing that 11.4 per cent of households in the Community have an income level lower than half of the national income. For the Nine, Ireland has the highest poverty rate with 23 per cent of households living below the officially set 'poverty line' according to the statistics which refer to 1973.

In Italy, 21.1 per cent of households were below the poverty line according to statistics relating to 1978. In the UK, 6.3 per cent of households were deemed to be in poverty and the lowest figure was for the Netherlands where 4.8 per cent of families were deemed 'poor'.

According to the Social Affairs Commissioner, no decision will be to renew the combat poverty programme which expired last year until there has been some debate on the problem by the Council of Ministers.

The conclusions from the

final report on the combat poverty programme, suggest that future 'specific measures' should be part of 'a wide range of social and economic policies' according to Mr Richard.

Easing travel for the young

Concern at the alarming increase in youth unemployment and the lack of progress towards mutual recognition of academic qualifications will result in increased co-operation between Community countries in education, if a European Parliament resolution is approved.

Slow progress towards the recognition of qualifications contributes to preventing the free movement of labour, which is an important part of European integration.

International co-operation in the field of education is considered important by the European Commission which is working closely with the Council of Europe, the OECD and UNESCO as well as trying to increase co-operation between the ten member states.

Third World, Commission, and NGOs review progress

Four hundred non-governmental organisations (NGOs) came together in Brussels on March 30 for their annual meeting with the European Commission, which was represented by Edgard Pisani, Commissioner responsible for relations with the Third World.

The African, Caribbean and Pacific (ACP) countries with which the Community has signed the Lomé Convention, and where the NGOs do most of their work on behalf of the Commission, were also represented.

The Commission co-finances projects which are carried out by the NGOs in developing countries. These mainly concern agriculture, education and help for refugees. Last

year, this aid amounted to 13.5 million ECU.

In addition, the NGOs are involved in distributing Community food aid. Last year the amount involved was 40 million ECU, largely for refugees in Africa, Asia and El Salvador.

Ten agree to strengthen EMS

Community Finance Ministers have agreed that the European Monetary System (EMS), the scheme that helps to ensure currency stability in the Community, should be further developed and strengthened.

This can be achieved, they say, by greater co-ordination of the member countries' economic and monetary policies; encouraging the use of the European Currency Unit (ECU) in private transactions, making it virtually akin to a foreign currency; and by improving monetary co-operation with third countries, especially the United States.

Ministers intend to chart ways in which this could be achieved later this month.

These decisions were endorsed by the Ten Heads of State and Government at their Brussels Summit meeting at the end of March when they also noted that the EMS had operated satisfactorily in its first three years and that fresh momentum should now be given to the system.

Switching on together

The Community's ten member states changed over to summer time for the first time together on March 28. This followed agreement between the governments in July, 1980, largely designed to simplify such things as airline and railway timetables.

This does not mean, however, that the Ten are now on the same time. Differences will continue to exist because the geographical span of the Community makes it impractical to have the same time in, for example, the south of Italy and the north of Denmark.

STRASBOURG NOTEBOOK

DEREK PRAG, MEP for Hertfordshire



Europe will not be built in a day, not through a single comprehensive plan. It will be built through concrete achievements, which will first create the nuts and bolts of solidarity.'

How many times has that prophetic sentence of Robert Schuman's 1950 Declaration been quoted (and in how many different translations)?

Mainly in Britain, we have not believed it. Visionaries of a united Europe have not been lacking in our country, but too many of us, apparently trying to justify Napoleon's judgement of us, have looked

at Europe like shopkeepers, totting up the takings, and setting them off, penny by penny, against the costs.

Then, in April, we were given a startling illustration of just what Robert Schuman meant.

Immediately after Argentina had invaded the Falkland Islands, the EEC Council agreed to embargo all arms exports to Argentina and to ban all new imports of Argentine goods. For some of our partner states, it meant a major sacrifice: in particular, for Germany, whose export trade to Argentina is very large, and for Italy, as 40 per cent of Argentina's population is of Italian stock.

That the Community's real aim was political unity was something I learned when I was a journalist covering European Coal and Steel Community affairs for Reuters in the early Fifties, and during my spell as one of the early civil servants of the ECSC in Luxembourg.

We knew that we were building the future United States of Europe, against all the odds that the past could muster, and that common markets were merely a means to an end. That end was the restoration of Europe's influence for good in the world and of its ability to defend the legitimate interest of its peoples.

Today, as members of the European Parliament, I and the many who think like me still pursue that aim, patiently and doggedly, until the people with the power of decision take notice. Delays, setbacks, crises – these are all part of the family quarrels, which are understandable enough when members of the family believe they are defending their legitimate interests. But in times of stress the family sticks together, demonstrating to the world the reality of the Community not only as one of the three major economic powers of the Western world, but also as one of its emerging political forces.

Is the European Parliament helping to build this Europe of the peoples?

In the three years since direct elections, we have learnt to exploit much more effectively the powers we have – such as withholding our formal opinion on draft legislation. Without this opinion, no Community legislation can come into force. Thus

the Parliament has already in effect a blocking power over legislation.

We are also using our budgetary powers much more subtly. Rather than reject the budget outright, as we did in December 1979, we are gnawing away at the Council of Ministers' budgetary role by extending our interpretation of non-compulsory spending, over which the Parliament has greater powers.

Finally, we are using our powers of budgetary control much more decisively. Soon, the savings it has brought the taxpayer since direct elections will reach the £1,000 million mark.

All this helps to provide the democratic control over the executive which is an essential ingredient of a Community of peoples.

Yet the Community will not truly be a Europe of the peoples until its policies are seen to have a direct bearing on the everyday problems of ordinary folk: on jobs, living standards and the quality of life.

'Whatever reforms are made in the CAP, farm prices are not going to fall very much'

At the moment, as we all know, nearly two-thirds of the Community's budget is spent on agriculture, and only about 10 per cent of that comes to Britain. Our budgetary problem is not that we pay too much into the kitty, but that present Community policies – above all the CAP – give us too little back. Can we then cut farm spending?

Unfortunately for us, the fact is that the CAP absorbs such a high proportion of total Community spending only because it is the one major spending policy run by Brussels. The cost of the CAP is in reality not high compared with the cost of farm policy in other industrial countries. For example, if Britain were still operating her pre-1973 farm policy today, it would cost somewhere between £1½ and £2 billion, compared with a net contribution to the EEC of around £800 million *even if we had no refund at all*.

The only way to ease the cost of farm policy to the Community budget would be to make the national governments pay a bigger part of it. But, as they already make two-thirds of total payments to farmers direct from national budgets, this would mean dismantling the only major Community spending policy we have. No other member state would go along with that. The fact is – and every head of government in the Community knows it – whatever reforms are made in the CAP – farm spending is not going to fall very much: it never does. If we want Community policies that benefit Britain, we won't get them from savings in the CAP.

The real effect of our insisting that there shall be no additional spending on Community policies except out of savings in agriculture is thus two-fold. First, we freeze the Community at its present rudimentary stage. Second, we shut out any genuine, permanent solution to our budgetary problem.

What we should be doing is encouraging the EEC to develop policies which benefit the people of Europe and at the same time provide Britain with more funds from the Community kitty. Industrial investment, job training, regional development, industrial research, new energy sources, aid for small firms – these are fields where Community policies could teach us a great deal and give us better value for the money we spend.

Will the baby seal fur ban really work?

For several years, campaigns have been aimed against the massacre of baby seals for their pelts. Public opinion has been aroused to help the animals. A large number of people have tried to intervene between the hunters and their victims – including the European Parliament. A major debate took place in Strasbourg on a report prepared last year by Mrs Johanna Maij-Weggen at the end of last year.

The MEPs almost unanimously condemned the 'industrial' hunting used to meet the need for 'luxury' goods which allow a few interests to make allegedly 'immense profits'. By a crushing majority, the members of the Parliament voted for a resolution asking the member countries of the European Community to close their frontiers to imports of baby seal fur and products made from them.

But will all ten countries follow the recommendation and prohibit imports? It is doubtful – because it is not just the style-conscious few who are involved. Enormous financial interests are also at stake.

The European Parliament vote was not well received in Canada, especially in the Atlantic coast regions which set substantial revenues from the seal trade. Describing the Parliament's decision as 'unacceptable', the Prime Minister of Newfoundland said that he was to ask the Canadian Government to ban European ships from fishing cod in Canadian national waters.

The Canadian Federal Fishing Minister also raised the possibility of using the General Agreement on Tariffs and Trade (GATT) to set against European fishermen.

The retaliation measures envisaged would have important consequences for European fishermen, whose annual catches in Canadian waters amount to about 90,000 tonnes. The Canadian authorities demonstrated the seriousness with

which they regard the subject when, in March, they arrested three ecologists belonging to the Green Peace Movement who had sprayed paint on some 150 seals in order to make their pelts unusable for commercial purposes.

The last word has probably not yet been heard. It is still too early to tell whether concern for wildlife or commercial interests will triumph.



The 'plastic money' war hots up

'Plastic money' is the currency of the future. That's the message of the bankers, who say that in a few years we can expect to see a computer terminal at the check-out desk of every supermarket, to debit our bank accounts direct with the weekly grocery bill.

Paying for petrol on the way to work, checking into the office or factory, and paying for lunch in the canteen (to have it debited from your salary) are just some of the transactions which can already be done with the flash of a card.

But in Germany, where credit cards account for millions of pounds in retail trade every year, the road to a 20th-century payments system has not been quite as smooth as expected. A fascinating struggle has developed between competing German and US-based credit card companies, resulting in a plan by a group of German private banks, savings banks and credit cooperatives to set up a 'payments system company' into which the existing 'Eurocard' and 'Euroscheckzentrale' credit card systems would be merged.

The move is a direct response to the challenge for domination of the German credit card market posed by American Express International and Diners Club Deutschland, both of which boast between 130,000 and 140,000 subscribers, compared to 'Eurocard's 140,000.

Concern that the merger may effectively 'seal off' the market from foreign competition was voiced in the European Parliament recently by Christian Democrat member Hanna Walz. But the European Commission dismissed fears that it would lead to a monopoly situation. It sees the move as a legitimate attempt by German banks to maintain their competitiveness and says that it appears to be acceptable not only to them, but also to the Federal Cartel Office, which is responsible for German anti-trust legislation.

But European interest in the case is bound to grow in proportion to the growing use of credit cards as a form of payment. Currently, they account for less than 1 per cent of retail sales in Germany. But their potential impact on inflation, the demand for money and the level of the money supply, means that, in the long run, the European Community will almost certainly follow the United States in regarding control of 'plastic money' as central to economic policy making.



What's this about the luck of the Irish?

The Irish, traditionally an ebullient race, are currently among the most pessimistic people in Europe. Or so says a poll conducted in Community countries by affiliates of the Gallup organisation.

It shows that only 26 per cent of Irish men and women think things will get better, and that 16 per cent foresee no change. That leaves 52 per cent who reckon 1982 is going to turn out worse for them than did 1981. Only the Belgians take an even gloomier view.

In all the other Community countries, the optimists outweigh those predicting a worsening situation.

Overall, however, the general impression is one of caution. Greece, the newest entrant to the European Community stands out in contrast to the balance of her neighbours, with seven out of ten people looking to a better 1982.

Reaction to a number of specific issues was gauged. On unemployment, just on two-thirds of the Irish population expect it to be higher throughout 1982 than in 1981.

There is a widespread consensus across Europe that unemployment levels will rise in 1982. The Belgians and the Dutch are particularly concerned. The pattern in France is different from that in most other countries, where more people are of the view that unemployment will either decrease or remain stable than believe that it will rise.

On balance, more Irish people (52 per cent) foresee the industrial situation worsening in the year ahead. This prognosis is even more widely shared by the Belgians (61 per cent) and the Dutch, (55 per cent) whilst the Italians hold similar views to the Irish.

Conversely, in the UK, Denmark, France and Luxembourg the perceived outlook is somewhat brighter. Greece appears once again as the wild card in the pack: rather more than half of the Greeks assume there will be a decline in the number of strikes in 1982.

Most Europeans believe that economic prospects will deteriorate during 1982. The generally held view is that the developed European and North American economies will have a stony path to negotiate in the year ahead.

Only the optimism of the Greeks marks any notable exception to that general trend. Four out of every 10 Greeks look to relative prosperity in 1982. In none of the other countries surveyed does that figure rise above 10 per cent.

Reflecting the mood of concern across the populations of Europe, one-quarter of the people polled placed the chances of a world war breaking out in the next 10 years at higher than fifty-fifty.

Novel use of Social Fund

Prostitutes should be given special Community job re-training courses, according to a French MEP Yvette Füllet. She wants the Commission to come up with ideas for using the Social Fund facilities to assist prostitutes, in the hope that they will become integrated into society.

'All possible help should be given to prostitutes to enable them to come off the streets, escape from pimps and rejoin society,' she said.



Trade sanctions against USSR

The Community has decided to limit imports of some 60 Russian products in protest at the Soviet Union's involvement in the continued military clampdown in Poland.

The total value of the reduced trade is £80 million. This is considerably less than had originally been intended by the Commission and a number of governments.

But, as the Commission explained, the importance of the move lies in its political significance rather than in the value of the products involved.

The restrictions run until the end of the year and cover two lists of products. The first includes items like caviar, shrimps, pearls and pianos, which until now have travelled in unlimited quantities between the Soviet Union and the Community. The 1980 volume of trade will be reduced by one quarter.

In the second category are products like skins, wood, paper, tractors and certain chemicals which are already subject to quantitative restrictions. The 1980 quotas have now been cut in half.

Neither energy nor raw materials, which account for almost 80 per cent of Soviet trade with the Community, are touched by the measures, which may be extended next year.

Special arrangements are to be made for Greece, which refused to apply the measures, to ensure that the products concerned will not come via Greece into the rest of the Community.



European action on women's rights

The European Commission has announced an ambitious action programme to improve opportunities for women throughout the Community.

The programme is divided into two parts and covers sixteen different items. The first part concentrates on strengthening existing legislation and legal redress. It is broad-based and includes monitoring the Community's directives on equal pay, equal treatment in employment and training and social security; a comparative analysis of legislation in member states; protective legislation; extending social security provision to all women on an individual basis; eliminating discrimination from tax legislation; new technology and extending the rights of women agricultural workers and self-employed women.

Two major areas of reform in this section of the action programme cover parental leave - available to either parent and maternity provision.

Positive action is the keyword of the action programme's second part, an approach which the EOC

is currently promoting in Great Britain.

To help the European Commission in its task, an Advisory Committee on Equal Opportunities for Women and Men has been set up. This met for the first time in Brussels on 11 and 12 March.

Low score on high-tech

European industries, especially medium and high technology product manufacturers, are in danger of 'losing the race' with overseas competitors, according to a European Commission report on 'The competitiveness of European Community industry' summarised in *British Business*.

The Commission is worried that, although Europe's industries have lost ground in markets where their 'comparative advantage or competitiveness was declining', sufficient compensating gains in other markets have not been won.

Compared with the United States and Japan, Community exports are relatively unspecialised and, when it comes to high technology products, not only is the degree of high technology declining itself but some member states are specialising in product areas where they are, or will be, competing mainly with newly industrialised countries, rather than with other developed countries, the 60-page report concludes.

An aid for researchers

The new Index of COM Documents (1981) provides a simple guide for tracing all Commission documents

published during 1981 in the COM series. Each entry gives the reference of the document, its date, and details of publication in the Official Journal. A list in numerical order is annexed to the Index.

Compiled by Giancarlo Pau, who is in charge of the Data Room at the London office of the Commission, the Index is intended as an aid for libraries and researchers interested in Community documentation. It is available from Euroinformation Ltd, 20 Caldegate Road, Ickwell, Bedfordshire SG13 9EH, price £15.00.

Questions in the House

Anthony Simpson, MEP for Northamptonshire:

'In view of the fact that the Community is a major importer of edible frogs' legs from India, and that the methods of capture, transportation and slaughter of frogs in India are unnecessarily inhumane, in particular that the legs are severed while the frog is still alive, what steps has the Commission taken, or does it propose to take, to ensure that imports of frogs' legs from India are banned until such time as humane slaughter methods are adopted?'

Answer by Poul Dalsager on behalf of the Commission:

'The Commission has taken no measure with a view to banning the import into the Community of frogs' legs from India, and because of the extremely difficult economic situation of this country is not in favour of doing so.'

Barry Seal, MEP for Yorkshire West:

'Could the Commission indicate why cold-water detergents are prohibitively expensive in the UK and so cheap in other EEC countries?'

Answer by Etienne Davignon on behalf of the Commission:

'Cold-water detergents are still being investigated. It is not yet possible to determine whether they are effective, and if so within what limits in water at low temperatures.'

Tests carried out on the cold-water detergents currently on the market, which are designed primarily for delicate fibres, have shown that it is possible to achieve savings of between 30 and 40 per cent compared with the hottest programmes normally used for whites. With the present state of the art however, this could lead to problems of hygiene.'

Cheaper oil - but no glut

Recent figures show that the price of oil in the Community is going down. At the end of last year, a barrel of oil cost in the region of \$34.20 but in the middle of March it was down to \$33 - a reduction of 3.5 per cent. Since the end of last year the average net price of oil products to the consumer has gone down nearly 8 per cent. Oil stocks in the Community are running parallel to consumption. But if the tendency of diminishing stocks goes on the Community could face considerable problems when winter sets in, so European Commission proposals to freeze this year's stocks at 1980 levels now appear to be more appropriate than before.



Help for the people of Poland

The latest clashes in a dozen Polish cities mark Solidarity's will to survive. Basic necessities are now in desperately short supply in Poland, and the country faces economic collapse.

Western Europeans have responded with a massive relief effort to ease some of the material hardships suffered by Poles since the imposition of martial law on 13 December last year. European Community emergency aid worth more than £4.5 million has already been channelled through twenty-seven non-governmental charitable organisations. They make up just part of the flow of food, medicine and other supplies that have filled the convoys rolling eastwards across Europe to Poland.

The channelling agencies for EEC aid consist of four 'consortia', comprising Catholic charities such as Caritas, Protestant groups such as Danchurchaid, the International Red

Much of the aid is administered by the International Red Cross. Our pictures show urgently-needed provisions being distributed in Poland.

The third and last instalment of the Community's current aid commitment to Polish charities has now been paid. But the people's plight remains as wretched as ever

Cross, and other non-denominational groups such as Save the Children and Medecines Sans Frontières.

On arrival in Poland, the bulk of the aid is delivered to the 'Charitable Commissions' of the Polish Catholic Church, which operate in each of the country's twenty-seven dioceses and whose work is coordinated from a central headquarters in the southern city of Katowice. There, a staff of five, led by director Monsignor Domin, receive reports on what is delivered to each area, through slow telephone links and telex connections with six other dioceses. In February alone they recorded deliveries of over 22,000 tonnes of aid from assorted sources – about much of which

they knew nothing in advance, either as regards content or quantity.

Community aid, which was pre-planned and highly organised, was the easiest to direct to places where it was most needed, according to officials on the spot. The sheer size of deliveries often means that distribution can be a lengthy business made even lengthier by well-meaning private packages containing as one observer noted a 'bizarre mixture of lard, soap, broken chocolate eggs and out-dated medicines – all bundled together'.

Goods other than medicines generally arrive at a main store in each diocese, from which they are distributed to sub-stores often based in deaneries, comprising roughly ten parishes. From there they are distributed to parishes, and then to individuals, regardless of their religion. Parishes liaise with diocesan officials on a weekly or monthly basis to discuss their needs and problems.

Medical aid is distributed from main stores on request from hospitals and sometimes parishes. In centres like Cracow, retired doctors and pharmacists work to sort incoming medicines before distribution.

The extent of need for aid is often stagger-

ing. A Polish family of four now needs to spend about 13,000 zlotys a month to buy basic necessities, while the average worker only brings home about 9,000 zlotys a month. In a working-class area like Cracow's Hedwiga Parish, about half of the district's 4,000 families need some sort of assistance.

The old, the sick, and people with large families face the worst problems. In recent months prices have risen by 300 to 400 per cent, while wages have only increased by about 15 to 20 per cent. In Hedwiga a family with five children can receive up to an additional 12kg of food from the parish charitable commission, but the need for such necessities as shoes remains acute.

The International Red Cross also has two special aid programmes aimed at old people and babies, which it administers directly through the Polish Red Cross, in addition to playing a unique role in being, with the church, the only charity allowed to help internees and their families.

Of an estimated three to four thousand activists interned following the military crackdown in December, to date only one thousand have been released. References to the remaining two thousand have become a recurring theme, particularly on Solidarity's Warsaw-based clandestine radio station, and there is no shortage of volunteers to prepare the two 3kg packages a month that the prisoners are permitted. Their families also often need assistance, as they can only claim 70 per cent of the internee's salary from the state.

Despite recent releases of prisoners and promises to ease such curbs as the curfew and the monitoring of telephone conversations, the prospects for internees still look bleak. Government hardliners are increasingly clamouring for tougher measures to stamp out support for Solidarity, and the military presence in what has been described as Poland's 'consultative dictatorship' appears to be becoming increasingly entrenched.

In addition, the deterioration of the economic situation may well lead to further unrest with the approach of the summer months. Since January, Polish industrial output has slumped by 10 per cent and unemployment has risen by 5 per cent. Agricultural production also fell, which may have been in some way instrumental in the early release of rural Solidarity leader, Jan Kulaj, by the clearly worried authorities.

Rationing was in force in Poland as early as 1981 for meat, sugar and butter. Now, it has been extended to include a vast range of things like tea, coffee, soap, margarine, alcohol, cigarettes and chocolate. Most articles are simply rationed by price, as inflation has far outstripped wage increases.

Poles are currently permitted a monthly ration consisting of: 2.5kg of meat (which will cost them at least 1000 zlotys); 1.5kg of sugar;

1kg of beans; 0.5kg of butter; 0.5kg of margarine or oil; 0.5kg of soap powder; 1 bottle of alcohol or 100 grammes of coffee (which is also very expensive), 12 packs of cigarettes and 250 grammes of chocolate. A bar of soap has to last for two months.

Existing shortages look like getting worse as chronic economic management problems fail to get the economy back on its feet. Communication between the four main decision-making centers of the Military Commission for National Salvation, the Communist Party, the Government and the political branch of the security services remains chaotic and even top government economic advisor

A Polish family of four now needs about 13,000 zlotys a month for basic necessities. The average worker brings home about 9,000...

Bogdan Sadowski has admitted that martial law is 'absolutely not favourable towards economic reform'.

Humanitarian aid from the European Community via the non-governmental organisations ended in May, with the third and final instalment of the £4.54 million approved in February by the Council of Ministers of the member states. EEC officials meeting in June discussed extending the programme to compensate for a likely diminution of private aid as the novelty of the Polish crisis wears off, in both Europe and the United States.

Aid experts say that more, not less, may be needed in the second half of 1982, and have mentioned figures as high as £8.55 million over the next six months. The Red Cross has also appealed to its Geneva headquarters for another £11.97 million to keep badly-needed programmes alive.

New programmes aimed at helping the families of political prisoners and internees, feeding three million children in holiday camps during the months of July and August and funding short-term loans to poultry farmers, repayable to the charitable commissions in eggs or money, have also been proposed.

CHRIS LOM



Existing shortages look like getting worse

THE PARLIAMENT AND THE COMMISSION: CAN THEY GET ALONG TOGETHER?

PIET DANKERT, in an interview with Adolf-Peter Koof, explains the basis of the European Parliament's relationship with the Commission, and how national differences still play a decisive role



A-P KOOF: Europeans find it hard to see the European Parliament as an institution embodying political common sense and consistent strategy. For instance, you have said yourself that Parliament has had enough of the Commission because of excessive agricultural spending, but at the same time it votes for an increase in guarantee prices for farmers. Is this Parliament's idea of logic?

DANKERT: No, this is the logic of the member states' governments, which hold direct elections to the European Parliament but do nothing whatsoever to see that this Parliament – has they wanted themselves – has parliamentary authority. Admittedly, we do have limited possibilities of shared decision-making in some areas, but not for the whole of Community policy. And it is because this overall responsibility is lacking that Parliament occasionally carries on like a collection of pressure groups: now the agriculture experts will have their way, then the budget specialists.

Why is Parliament always finding fault with the Commission?

Because the Commission is no longer playing the part it is supposed to under the Treaties!

Can you give a concrete example?

Look at the famous May Mandate. On 30 May 1980 the Council instructed the Commission to make proposals for solving the problem of the British contribution to the Budget. Instead of working out practical and feasible proposals which the Council would have been able to decide on, the Commission came up with a whole package of idealistic initiatives for restructuring. We know what the result was: the Commission's delightful piece of paper found its way to the Permanent Representatives, from them to the Council, from the Council to the Euro-

pean Council, and from there back to the Council and finally the Permanent Representatives again. And nothing happened – not a thing was done, and nothing decided.

How do you think the business should have been handled?

After the Commission had made its first general proposal to the Council in June 1981, it should have submitted a detailed proposal two or three weeks later to allow a decision to be taken on the British budget contribution. The fact that the Commission did not do this was a big mistake which I find it very hard to excuse.

Let us look at your own Institution. A general question: how European is the European Parliament?

As long as there is no European electoral system and no European parties with common programmes and common lists of candidates, the individual Members of Parliament will remain nationally dependent. And as long as there is no change in this dependence, Parliament will have no properly transnational groups but only groups with what you might call national factions. This can also mean that on different issues it is easy to break party lines and have, for example, German Social Democrats voting with British Conservatives. On the whole it can be said that in today's Parliament national differences, whether ideological, political or cultural, still play a decisive role.

An MEP who puts national interests in the background and votes on a European level, then, runs the risk of not being put up as a candidate in the next election. Is this a European form of political masochism?

The relationship between the European parliamentarian and his colleagues of the same political camp in the national parliaments is one of limited conflict. If this conflict gets out of hand and turns into a major row which can happen, for example, if the national MPs and parties give Members of the European Parliament the cold shoulder and ignore them – then the Euro-MP can no longer function, because the power is in the hands of the MPs back home.

With regard to the voting system, Parliament has taken an initiative which cannot exactly be called helpful. It suggests, for example, that a German, say, who has been living in Belgium for five years cannot vote in the German Federal Republic but can be elected to Parliament for Belgium.

Yes, that should not have happened – the parliamentary groups were not sufficiently informed or coordinated.

Are you afraid there might be a low turnout in the second direct elections in 1984?

In countries like Denmark and Great Britain, the deciding factor in the second direct elections will probably be whether to stay in the Community or go their own way. The campaign for and against will no doubt get the voters moving. Turnout in the rest of the Community will largely depend on whether the situation in Europe at the time is good or bad – not just on whether the European Parliament has been able to gain general acceptance. That means that if we fail to extricate ourselves from the current deadlocks by 1984 I think Parliament can scarcely hope to get the voters to the ballot-box.

In a single working week, Parliament gives its views on such widely varying topics as the Channel Tunnel, right-hand-drive lorries, Cypriot prisoners, Summer Time, cages for battery hens and reform of the Regional Fund. Would Parliament not have a better response if it worked a little more systematically?

Firstly, Parliament is required by the Treaties to give its opinion on specific matters. And secondly, it has already delegated some areas of work away from the full assembly and into the committees. But your question is somewhat wide of the mark. It is not because of questions like the Channel Tunnel and chickens that we are unable to organise our work as rationally as we might, but because we have to divide our energies between Brussels, Strasbourg and Luxembourg.

An old complaint – you can't expect that to be put right immediately.

Parliament doesn't. It merely said in June last year that it wants to have a single seat for the European Institutions, and of course it is quite aware that the Council cannot come to

a unanimous decision on this at the moment. In these circumstances Parliament has to take another close look at what to do.

In every speech you make, you attack the principle of unanimity in Council decisions. Does this principle affect the work of the Parliament as well?

I should think it does! As long as the Council sticks to the unanimity rule, Parliament will be unable to play its proper role and so will the Commission. Because a Council of Ministers which takes only unanimous decisions has too much power and needs neither Parliament nor the Commission.

It would need the Commission as a secretariat, and that is all?

I didn't say that, but that is the way things have gone. So the Community system can work only if there is a balance between its institutions—above all between Council and Parliament. But there hasn't been for years. To all intents and purposes, Council alone decides and has taken much of the political significance away from both the Commission and the Parliament.

What does the Council's unanimity principle take away from the Commission and the Parliament?

If the Council decided by majority, the Commission's initiatives and proposals would show it the way and determine the work it had to do. Since the Council decides only unanimously, however, it does not have to spend too much time on the Commission proposals and soon moves on to its own agenda. This pushes not only the Commission on one side but Parliament as well, because Parliament can only respond to proposals from the Commission. If the Council ignores Commission proposals, Parliament is helpless.

In that case, why did the same Council give the go-ahead for direct elections to the European Parliament in 1976?

It is a fact, first of all, that the balance between the Community institutions was already upset when the governments of the member states called the first direct elections; and secondly, that you bring the voters out for nothing at your peril. If you allow direct elections to the European Parliament you have to give Parliament room to develop. To do anything else, as Willy Brandt has said, is to mislead the voter.

The citizens of the Community take Europe for granted and now see only signs of crisis: the budget quarrel, the agriculture and fisheries disputes. Parliament is the only institution which can make it clear to Europeans that these problems are only growing pains in what is really a very positive process—the integration of Europe. **E**



Hard times for Europe's textiles

The European Community's textile industries have been seriously hit by the surge in exports from other countries. There has been a dramatic change in the fortunes of its textile and clothing industry, which now faces an uncertain future.

How did the present situation come about? How far is it due to imports—especially imports from the developing countries and other low-cost suppliers?

Can the strategy the Community wants to implement under the Multi-fibres Arrangement help restore the industry to a healthy condition? Can it eventually dispense with the protection of such an agreement, which regulates imports from developing countries?

Clearly, output, turnover and profitability are all affected by the demand for a product—as even OPEC has discovered to its cost. If demand, or consumption, is falling, output is likely to fall as well, although a certain proportion of it will be stocked. (A steady rise in stocks is one indication of falling demand and of hard times ahead.)

The Community market for textiles and clothing is still growing, but by no more than 1 per cent a year, as compared to some 5 per cent a year when the Multi-Fibres Agreement was concluded. The fact is that the share of household expenditure on clothing, which is a key element in the consumption of textiles, has been falling. In 1970 it still represented 8 per cent of the total. By 1978 it was down to around 6.5 per cent.

In economic jargon, the income elasticity of demand has fallen. An elasticity of 1 means that when incomes rise by 1 per cent, demand rises by 1 per cent also. But in the case of textiles and clothing, a 1 per cent increase in incomes now produces only a 0.4 per cent increase in consumption.

As incomes—or Gross Domestic Product—are not expected to rise by more than 2 per cent a year, consumption of textiles and clothing is unlikely to increase by more than 1 per cent for the Community as a whole. Some experts, in fact, believe demand will remain stagnant.

The continued fall in employment provides the most dramatic evidence of the critical situation facing the European textile and clothing industry. In 1973 it employed more than three million workers. By 1980 their number had fallen to 2.3 million—a decline of some 26 per cent over an 8-year period. Over 100,000 jobs were lost each year on average, and the end is still not in sight.

All the economic indicators point in the same direction—a further rundown in the Community's textile and clothing industry or, at best, stagnation. The fact that production has simply failed to grow after 1973 has

Continued from page 21

leant credence to claims by developing countries that these are declining sectors of an industry which, having attained its maximum development in the West, should now be transferred to them.

The Community accepts the theory of comparative costs – that some countries are more competitive than others in the production of certain goods because of natural and other advantages. It is much more sceptical, however, of demands for a new international division of labour and rejects the view that the West must write off certain industries as 'declining.'

As Viscount Davignon, the European Commissioner for industrial policy, has pointed out, technology can change production techniques and with them comparative costs. The textile industry, he noted, was no longer labour intensive. Even in the clothing industry, technology could be counted on to reduce its labour requirements.

In any case, the Community's textile and clothing industry remains a major economic force. Even today it accounts for nearly 7 per cent of the turnover of all manufacturing industries in the Community and 8 per cent of their contribution to its Gross Domestic Product.

Despite the continuous job shedding which characterises the textile and clothing sectors, they still account for nearly 10 per cent of the Community's total employment in the manufacturing industries.

How is it that such a powerful industry has fallen on such hard times? There are two broad answers. The first is economic: both sectors have been hard hit by the continuing recession. The second is sociological. Consumption patterns have changed, partly because of changes in the proportion of children and elderly people in the population. Households are saving more, because of job uncertainty; but they are also spending less on clothing, draperies, carpets etc and more on tourism and electronic gadgetry.

The Community's textile and clothing industry has had to meet yet another challenge in recent years – the fall in consumer demand has coincided with a sharp rise in imports. This is not altogether surprising. Its population of 270 million makes the 10-nation Community the world's biggest market. It is also an open market – as the Community is the world's leading exporter, it could not be otherwise.

This is true even as regards textiles and clothing, a fact sometimes overlooked. Tariffs, for example, are considerably lower in the Community, where the weighted average is 8.5 per cent for textiles and 13.3 per cent for clothing (as against 18.2 per cent and 22.7 per cent in the United States). The Community also grants duty free entry to developing countries for their textiles and clothing under its generalised system of preferences – admittedly for limited quantities.

As a result, the European Community has the highest per capita import of textiles and clothing of all the major importing countries. At \$60 it is roughly twice the amount for the United States, despite the fact that per capita consumption in the US is nearly twice what it is in the Community. Imports, in other words, account for a much higher proportion of domestic consumption in Europe than elsewhere.

The fact that some 45 per cent of the imports are from other industrialised countries suggests that the declining fortunes of the European textile and clothing industry are due not only to a fall in demand for its products and an influx of imports but also to its own shortcomings.

'The industry contains too many small, family-owned businesses'

Somewhat paradoxically, these can be traced to the fact that the textile industry established itself in Western Europe first. Consequently, even today it has many of the characteristics of a traditional industry – characteristics which, it should be added, were the industry's strong points in earlier times.

The textile and clothing industry is still production-oriented, for example, with insufficient skills in marketing and management. This is partly because the industry, even today, contains far too many small, family-owned firms, which simply are not profitable enough to hire innovatory, forward-looking management.

At the same time, their owners are reluctant to join forces with other, similarly placed firms. As a result, such firms lack both the financial resources and production facilities needed to expand their markets, often restricted geographically.

As the European Commission pointed out last year in a report to the member governments, the industry will have to increase its productivity and specialise in products requiring a high level of technology if it is to cope with competition from low-cost suppliers. Unfortunately, neither textile nor clothing firms are sufficiently profitable at present to afford new technology, with the result that their level of research and development is inadequate, and technological innovations aimed at the textile and clothing industry are relatively scarce.

However, given current wage levels in the low-cost countries it is doubtful whether technology alone can overcome the disadvantage facing the European manufacturers.

There is a growing recourse to 'outward processing': operations which can be automated are carried out by the European firm, while the more labour-intensive operations are carried out in a low-cost country and the finished garment imported for sale in the

European Community.

Alternatively, the complete garment – a shirt, for example – is imported from a low-cost country by a manufacturer and sold together with his own shirts. The mark-up in the price of the imported shirt is used to reduce the price of the domestic product, thus ensuring the survival of the European firm.

Whether such a piecemeal approach will be successful remains to be seen. Both the European Commission and the industry maintain that the first step must be a recognition by all ten member states' governments that the textile and clothing sectors are essential for the industrial, social and regional balance of the Common Market economy.

This is because the textile and clothing industry both supplies other industries and is their customer. Chemical fibres, for example, account for 25 per cent of the total production of chemicals. The industry is not only a major employer but, as a traditional industry, it often is established in areas of declining economic activity.

Its continued existence must, therefore, be safe-guarded. The Commission, like the industry, wants European firms to retain every stage in the production process, from the manufacture of chemical fibres to the finished product.

In its view, this would allow firms at each stage of the manufacturing process to find 'downstream' customers for their products.

The European Commission's view, which is shared by member governments, is that the process of restructuring the industry, so that it can rid itself of the handicaps associated with a traditional industry, must be speeded up. To this end, the trend towards new products and production techniques will have to be intensified.

While the main driving force for reorganising the industry to restore its competitiveness will have to be the dynamism of the firms themselves, the Community will need to adopt a coherent programme of supportive measures. The elements of this programme will have to include the rapid elimination of the remaining barriers to trade between the member states themselves. Only in this way can the European industry fully benefit from what its American counterpart has always enjoyed – a very large internal market.

The moves towards a single market will make it easier both to restructure the industry and to harmonise state aids. Unless there is harmonisation, there is an obvious danger that such aids will not only distort competition within the Community but also reduce the sense of urgency.

A key element of Community policy is to make sure the industry's efforts to reorganise and modernise itself are not endangered by a fresh rise in imports from its low-cost suppliers. During the 1981 negotiations for the renewal of the Multifibres Arrangement, the Community's negotiators fought hard to secure an instrument more suited to a period of almost virtual stagnation in consumption and of very low economic growth.

The Community also tried to persuade the other major industrialised importing countries to assume their fair share of the burden of imports from the developing countries. The Community already enjoys the distinction of having the highest per capita imports. But at \$40 it also has by far the highest per capita imports from developing countries.

This in itself suggests that the Community's textile and clothing industry is less competitive than that of other industrialised countries. Faster reorganisation of the industry along more competitive lines is probably the only effective solution. This involves determined attempts to increase productivity and develop new products.

These are goals which can be met only through extensive research and development into both materials and production methods. It is doubtful whether, in a high-wage economy, technology alone can offset the cost advantage enjoyed by many low-cost suppliers, although it can help.

But clothing in particular sells on the basis not only of price but also the image of the

product – its fashion appeal and the status of the sales outlet. According to experts, improvements are possible in each of these areas through the use of technology. Computers can be used to reduce the cost of maintaining inventories, and computerised market machinery can reduce fabric wastage. Fully automatic machines can ensure quality consistency, while computerised systems of loading and scheduling can improve the flow of goods to retail outlets.

While technology can add to job enhancement, thus reducing labour turnover, it is also bound to add to unemployment when used to improve productivity. It has been estimated that a 1 per cent increase in productivity means a loss of some 10,000 jobs a year in the textile sector and 15,000 in the clothing sector.

A 3 per cent increase, if maintained over a 5-year period could mean the disappearance of some 375,000 jobs.

The best that can be said is that job losses due to technology can be planned, unlike those due to low-cost competition.

The evidence suggests that the outlook for the textile and clothing industry in the European Community is not altogether bleak, provided member governments and industry get together with the European Commission and carry out what is required of them. In industry's case, this means essentially speeding up its structural reorganisation in order to take advantage of the gains to be had from improved technology and better organisation and marketing.

But governments will need to ensure a climate which encourages investment, not only in modern production facilities but also in research and development. This will require a brake on imports, especially from low-cost suppliers, help with research and development, and policies for coping with the job losses resulting from further increases in productivity.

In its Social and Regional Funds the Community possesses instruments that it can use to bring in new industry to declining regions, and otherwise ease the social costs of adjustment.

JOHN MARKHAM

The EEC Commission yesterday put forward a plan to simplify cross-border formalities for goods traffic between its member states, including reducing Customs inspections and simplifying red tape. It estimated that the improvements would save up to £280 million a year for road transport alone.

– Reuter

I understand that the Foreign Secretary is trying to convince our EEC colleagues that England's contribution is too high. Today I phoned the EEC building in Brussels. After asking for the person I wanted to speak to, I was asked to hold on. To my amazement, over the phone came a rendering of 'home on the Range'.

– Letter in the Daily Mail

At a time when as a society we are becoming more lenient to almost every type of offence, the simple errors of businessmen are treated with increasing severity. Things are already bad enough but they will be made much worse if and when we find ourself faced with a new concept.

An EEC proposal would make manufacturers liable in perpetuity for damages caused by their products even though they were produced in good faith according to the level of technology prevailing at the time of manufacture. This should put paid to the last vestige of inventiveness since no one will be able to afford the insurance to cover the risks involved with new products.

– Daily Telegraph

Lead from drinking water is just as dangerous to young children as the lead emitted by cars. Indeed, some researchers believe that children absorb more lead into their bodies from drinking water than from the atmosphere. And from 1985, a European Community directive will commit Britain to reducing the lead content of tapwater to a level below 100 micrograms/litre.

– New Scientist

WHAT'S IN THE PAPERS

In general you seem to swallow uncritically the tendency of certain people in the United States to make the EEC into the scapegoat for the current difficulties facing American agriculture.

These are similar to those facing European agriculture and have the same basic causes: improvements in productivity combined with slackening demand, the sharp rise in costs particularly for fuel and fertilisers, and last but not least soaring interest rates, largely due to American economic policies, which affect American and European farmers alike.

– Letter by Commissioner Poul Dalsager in the Economist

Ministers have sometimes argued that EEC regulations prevent a move to lead-free petrol, citing either the directive which says that governments should not set lead levels lower than 0.15g/l or suggesting that foreign manufacturers of leaded petrol cars might claim that the change would be a barrier to selling their cars in Britain.

The minimum limit is regarded in Whitehall as being changeable if any country wants to lower it. The articles of the Treaty of Rome, which deal with the trade restraint exempt any restrictions which can be justified by the protection of 'human or animal life or health'.

– The Times

During 1981 British cinemas devoted 33.4 per cent of their total programme time to British or community-made first feature films. For supporting programmes the proportion was 44.2 per cent. These figures compare with 32.4 per cent and 49.9 per cent respectively in 1980.


– British Business

The TUC has backed Labour's decision to leave the Market but the doubts are creeping in. A TUC staff paper has warned of the disadvantages, especially for jobs.

Barring more accidents, Mrs Thatcher can stay in Downing Street for another two years.

That still leaves time for Labour to reverse a policy which could damage its hopes for a prosperous economy.

– Daily Mirror



Can we stop Europe's rivers of steel from running dry?

The crisis in Europe's steel industries has reached a critical stage. With capacity running at some 200 million tonnes of crude steel a year, and demand no more than 175 million, even the cutbacks which have drastically reduced Europe's steel making capacity in the past few years are not enough. The prices

charged on the Community market – up to 20 per cent below those of Europe's major competitors, the United States and Japan – are too low to provide a profit. It has become impossible for even the most competitive steel companies to apply a coherent industrial strategy to their operations.

At the end of 1974 about 800,000 people were employed in the European steel industry. By the end of 1981 there were hardly 550,000 left. This means that in seven years the workforce has decreased by over 30 per cent, and the rundown is far from completed. One determining factor has been the arrival on the world market of new competitors such as the Eastern Bloc countries, Brazil and South Korea. We may not, perhaps, talk of a new world economic order; but it is clear that the old industrialised countries no longer have a monopoly of industrial civilisation. What is more, the new producers have certain advantages over the traditional ones – their plants are often more modern and their wages are much lower.

Within the space of ten years the geographical distribution of crude steel production has therefore altered. Between 1970 and 1980 the European share of the world market has decreased from 23 per cent to 18 per cent and that of the United States from 21 per cent to 14 per cent, whilst Japan has retained 16 per cent of the market. By contrast, the production of Eastern Bloc countries has increased by 3 per cent from 26 per cent to 29 per cent and the remaining countries have increased their share from 14 per cent to 23 per cent. In Europe, production over-capacity goes hand in hand with too much old and unproductive equipment. Thus in 1973, which was a good year for business, it took 8.3 hours work to produce 1 tonne of crude steel in the Community, compared with a mere 5.9 hours in Japan.

Europe did not feel the wind of change and

Of all basic industries, steel has suffered most from the ravages of the industrial depression. ADELINE BAUMANN gives an account of the Commission's efforts to keep the Community's steel industry in business

mistook the real extent of the crisis. When two successive oil-price increases struck the steel sector – which is very sensitive to fluctuations in market conditions – Europe's producers thought that these were passing storms and that they would simply have to ride them out for a while. But the steel crisis is not an economic one; it is structural and worldwide.

When the economic situation took a particularly sharp turn for the worse in the United States, American steelmen, including those with the more competitive plants, also encountered considerable difficulties. Only the Japanese escaped, because they had been the first to make the necessary adjustment.

Europe's present production over-capacity is the result of an error in estimating the level of demand for steel in the Eighties, an error committed not just by the Europeans but also by the Japanese. In the fifteen years from 1960 to 1975 Japanese production capacity in-

creased by a factor of seven whilst the Community's capacity doubled.

To counteract the crisis, national governments have indulged in a subsidies race to save the lame ducks and the jobs they provide. This has only deferred the inevitable. The process by which the national public authorities outbid each other in providing subsidies ran counter to any attempt to introduce a real industrial strategy.

The recession revived old egotistical reflexes in the European steel producers. To prevent too great a drop in production, these manufacturers decided that the best thing was to indulge in a price war, in the pious hope that the crisis would damage their neighbours more than themselves. This emergency remedy proved worse than the disease – the price war brought considerable losses, and risked endangering the entire European steel sector.

The crisis in the steel sector had the Commission with its back to the wall. The 1951 Treaty of Paris establishing the European Coal and Steel Community (ECSC) has supposedly put an end to rivalries between European nations, by the decision to make a common pool of the coal and steel sectors. As this common market was in danger of breaking up, the whole European structure was itself threatened. The Treaty of Paris gave that supra-national body, the Commission, considerable powers to act to ensure that solidarity between the Community countries is maintained.

In 1977 the Commission launched an anti-crisis plan for the steel sector. The program-

me assumed that all parties would act in a spirit of European solidarity, since it required that, under certain circumstances, producers in a strong position should not compromise the chances of survival of those in a weaker position. The European steelmasters have had to learn the harsh realities of the market. As Etienne Davignon says, they had to learn, not to produce steel, but to sell it at economically viable prices.

On the whole the European steel producers kept to the rules fairly well. By the end of 1979 most of them were even publishing figures showing that they were no longer in the red. Then there came the second oil crisis. A further deterioration in the economy and sufficient restructuring again.

In the second quarter of 1980 the world recession again dealt the steel industry a severe blow. Steel consumption went into 'free fall' and prices dropped through the floor. The average rate of utilization of capacity in the European steel industry dropped from over 70 per cent to about 55 per cent in a few weeks.

For the first time in the history of the Treaty of Paris, the Commission decided in October 1980 to impose strict quotas on European steel production and declared what the Treaty calls a 'manifest crisis'. In practical terms this means that: all member states undertake gradually to end the extravagant and costly public subsidies by the end of 1985. Also, through the action of the Community, a decent standard of living is maintained for the workers affected by restructuring until alternative employment is created. And a determined redevelopment programme is undertaken to ensure that the industry in the regions worst affected is diversified.

No country can hope any longer to save its steel industry on its own, and no-one any longer denies the fact that the European answer is the only one that can overcome the fundamental crisis in the steel industry. The effort of restructuring can only be made tolerable for all if the burdens and sacrifices are equitably shared.

Forecasts for the second quarter of 1982 suggest improved production prospects in some of the steel-consuming industries. The private car sector of the motor industry is showing relatively satisfactory results. On the other hand, the building industry and civil engineering are going through a recession in most countries as a result of the low level of public and private investment. The rate of utilisation of the Community's steel capacities should level out at about 62 per cent which is still too low to be profitable.

Between 1974 and 1981 an average of 35,000 jobs a year disappeared in the European steel industry. The reduction of the work force began in Germany in 1975 followed by France from 1976 onwards and Belgium and Luxembourg in 1977. It was mainly in 1980 that the reduction in the work-force suddenly speeded up in the United Kingdom. In the Federal Republic of Germany, where this process was never as brutal

More aid for steel closure areas

Small and medium-based businesses in UK steel closure areas will benefit under a special £18 million programme of aid from the European Community.

Welcoming the new measure, industry under-secretary John MacGregor said that the Government had decided that the potential growth of small and medium-sized enterprises was best assured by devoting most of the aid - £14.7 million - towards the improvement of rundown areas and the conversion of disused buildings into new premises.

The enterprises, Mr MacGregor said, would at the same time be able to benefit from the remaining £3.7 million aid which has been set aside for the provision of consultancy and common services, help on technical innovation and information and facilitating access to risk capital.

The programme was prepared by the Department of Industry, following consultation with other government departments and public authorities to implement in the UK a specific Community measure funded from the non-quota section of the European regional development fund. The measure provides for £18 million to be allocated to the UK over the five years 1981 to 1985.

The programme, Mr MacGregor said, 'represents a valuable contribution by the Community towards overcoming the worst effects of closures of steelworks in Strathclyde, Cleveland, Clwyd, south and west Glamorgan, Gwent and Corby.'

as in Britain, France or Belgium, there has been a further deterioration in the employment situation in the period 1980-1981.

European-level efforts to restructure the industry have had serious consequences for the workers. Some newspapers have even accused the European Community in general and Etienne Davignon in particular of being the gravediggers of the European steel industry. And yet, as well as modernisation and conversion subsidies, the Community also provides subsidies for social purposes. From 1975 to 1980 it set aside £150 million for retraining, rehousing and the topping-up of wages for those put on early retirement or part-time work; 181,000 European workers have received subsidies of this type. In addition the Community only grants subsidies to restructuring programmes in the steel industry if they include regional and social sub-programmes. The whole action is conceived as a long-term project. The Commission's fundamental objective is to maintain a guaranteed level of employment, and hence security in future.

Advocating 'a Europe with a human face', Etienne Davignon said in a discussion last year that, in the Commission's eyes, the tragedy of the steel industry was above all a human tragedy, not merely a matter of machines and production capacity.

From the general consensus reached by the industrialised countries in 1977, it is clear that all steel producers are in the same boat and should share the effort required to overcome the crisis. The Community has met its obligations by choosing the way of cooperation and refusing to yield to the temptation of protectionism. The aids it grants, the discipline it imposes on production, and the bilateral arrangements it makes, mean that the Community does not transfer to its partners the burden of adjusting its industry. Most of its trading partners, except the American steel producers who are looking for a quarrel,

approve of the Community's policy.

To the rest of the world the Community is an entity open to international trade, which consequently tries to regulate trade in steel products. It has arranged with exporting countries that they will charge prices based on their costs and ensure that their exports do not exceed a certain ceiling.

Whatever else happens, there is the danger that the complaints will trigger a strong protectionist movement which would be contrary to the consensus reached in 1977. The solution most certainly does not lie in an escalation of retaliatory measures, but rather in adhering to existing agreements and in negotiation. **□**

Calling all CB cars

Citizens' Band radio went legal in the United Kingdom last November. But it is out of step with any other system, especially in Europe.

However, the European Commission is trying to bring order from the present chaos of different frequencies, aerial powers, aerial lengths and the other little niceties which have given CB enthusiasts such pleasure and such frustration at the same time.

In a recent letter, the Commission said it was still working on a regulation which would bring CB sufficiently into line in the EEC to remove the restrictions on trade in CB equipment.

The European Parliament will shortly be preparing a report on CB which should act as a further spur to the Commission to reach conclusions quickly.

□ EP News

TALKING BUSINESS

Soft sell into Europe

London, says sales promotion consultant Colin Lloyd, is now the sales promotion capital of the world. Apparently Britain has a harder job selling in Britain than anywhere else, and – adds Mr Lloyd – ‘we have built up the professional expertise to make promotions work.’

Mr Lloyd is paid, he says, to come up with ideas. Those ideas translate into everything from quizzes on the back of cereal packets to coupons on soap powders. They link fish-paste sales with campaigns to save the panda, or to provide guide dogs for the blind. They inspire supermarket managers to pile cans of beans in sales-effective ways. And, as sales promotion spending now exceeds the £2.8 billion spent on advertising in Britain every year, those ideas mean big business.

As Mr Lloyd explains, sales promotions specialists really came into their own in the tight, highly competitive markets of Europe. The consultancy firms came together from the back rooms of the established advertising agencies, and from the livelier of the corporate marketing departments. Their expertise has become the fastest growing part of the selling business.

In Britain, where sales promotions began to be developed as a specialist art in the late 1960s, that growth has now overtaken the direct advertising spending. The same is true of the other major consumer markets – Germany, France and Italy.

Looking ahead, it is hard to see what more manufacturers could do in the way of packet coupons and sales promotion aids within Britain's shops. But Mr Lloyd expects the pattern of the heavily-promoted individual brand to be repeated throughout Europe's markets – and, increasingly, copied in the United States. He sees the real developments in sales promotion coming in the sponsorship field.

As Europe prepares for satellite, cable and countless other cross-frontier additions to its television screens, channel programme planners are beginning to realise that you can't run viable viewing schedules on old movies alone. That yawning gap in the viewing schedules is a tempting target for manufacturers who can get more screen time for their money by running sport, entertainment – and, perhaps, drama competitions – than they can by buying and preparing straightforward commercials.

Sponsorship rules in Europe make the prospect of live coverage of the Council of Europe's debates courtesy of a brand of tooth-paste improbable. But the Brand X debating championship, or the Brand Y comedy competition, might slip around the rules.

Body count

According to the life assurance fraternity, a Frenchman is worth twice as much when he dies as the average Italian. And a deceased Japanese has more than four times the cover of an expired German.

Michael Hepher came up with the figures in support of his argument that the vast majority of the adult population in Britain, and in the rest of Europe, are significantly underinsured. As chairman and managing director of the Abbey National Life Assurance Company, Mr Hepher is in the business of selling life cover. So you would expect him to be talking hard about the need to spend more to protect your dependents when you die. But it's not just talk.

Looking first at Britain, he says: ‘I'm sure that 90 per cent of the population have not valued their lives as highly as they value other personal assets. ‘The average house in Britain is now worth £23,000, and most people think it makes sense to insure against its destruction.

‘The average contents of a home are worth approximately £10,000 to replace, and yet these goods are insured for a higher proportion of their value than the wage earner's life is.’

It seems that only 12 million of Britain's 45 million adults have ordinary life insurance,

and for the people who have insurance the average cover is £11,000. Spread across the whole adult population, that average falls to just £5,000. Sifting through his figures he believes that 90 per cent of the population have inadequate life insurance – a problem mirrored throughout the European Community.

But this talk of inadequate cover doesn't mean much unless you have a yardstick of adequacy – and just how do you put a realistic value on life? Mr Hepher put the problem to Abbey National's actuaries, who simply looked at people as if they were just any other income earning asset.

On that basis they concluded everyone ought to have cover equivalent to ten times their annual expenditure on necessities. Translated into life insurance, that works out at a minimum ‘adequate’ life cover of five times gross income. And, as Mr Hepher's comparative tables show, only the Japanese come anywhere near that ideal.

Channel hop

Nothing like the full potential for trade between the south east of England and the north of France has been realised, says trade minister Peter Rees.

Leading a trade promotion visit of British businessmen to Lille on 22 April, Mr Rees said that he wanted to see more British businessmen cross the channel, treating northern France as a ‘natural place’ in which to do business as the UK.

Everything was in Britain's favour for more trade between the two geographically close areas, Mr Rees said. Communications were

Country	Average cover per adult	Equivalent in wages (years)
France	£6,000	1.4
UK	£5,000	0.9
German Federal Republic	£4,000	0.6
Italy	£3,000	0.05
<i>Non-EEC comparisons</i>		
Japan	£17,000	3.0
United States	£12,000	1.8
Canada	£11,000	1.8
Sweden	£8,000	1.8
Australia	£7,000	1.5
New Zealand	£6,000	1.5

Moves towards a shift in the balance of power?

'outstanding' and Britain's trade within the European Community was increasing at a faster rate than any other community member, but the proportion of trade with the community was still below average.

The main obstacle to increasing trade, Mr Rees claimed, was the belief that Britain's home market ended at the channel – an attitude mainly among smaller companies that EC membership had not dispelled.

Britain's commercial interests in Lille go back to the last century investment in the textile industry. There are now British stores, banks, insurance companies and manufacturers based in the Lille area.

'Total UK trade with the Nord/Pas de Calais region roughly matches our trade with Brazil and Mexico combined,' Mr Rees told the French businessmen.

First choice

In the past five years Britain has received 50 per cent of all the Japanese direct investment in the European Community and 59 per cent of the United States' direct investment.

More than £2 billion of new industrial plant is built in the UK each year with money overseas. And, even more encouraging for the British economy, the overwhelming majority of these inward investments are in the high technology sector.

A survey of US electronics companies by Booz Allen and Hamilton reveals that the UK and Eire would be equal first choice for an European base. Germany comes a close third, and only Belgium and France were seriously considered beyond those.

Paying up

British management is sometimes called the best – and sometimes the worst – in the world. But at least Philip Banks knows that there are plenty of companies based outside Britain who are willing to pay for British expertise.

Banks, who is chairman of the Management Consultants Association, reports that last year consultants earned 13 per cent more fee income – a total of £64.2 million, nearly £20 million of which came from work abroad.

European companies paid £5.1 million for British consultants' help; United States groups £3.4 million; and Australian and Far East groups £2.9 million. A 28 per cent rise in business in Africa and the Middle East took consultants' earnings there to £7.7 million.

The annual wranglings over the Community budget have spotlighted the problems of power-sharing between Brussels and Strasbourg. **ANDREW DUFF, of St John's College, Cambridge, examines the state of play between the Community's institutions**

Mid-way through its first elected term, there are signs that the European Parliament is at last beginning to be noticed by the Community's other institutions. Many advocates of the greater democratisation of the Community's political life had begun to despair that the elected Parliament would make a very much more significant contribution than its appointed predecessors. The exception has been the annual row with the Council of Ministers over the adoption of the Community budget.

Yet here the Parliament's powers, which date from 1975, are essentially negative. It can obstruct and delay the smooth passage of the budget; but it cannot influence substantially either the size of the total budget by voting more money, or the character of the budget by shifting funds from, say, the extravagant dairy sector towards overseas aid or industrial reconstruction. Parliament, in other words, does not have the power of the purse in the Community. Of its existing powers, certainly the 1975 joint conciliation procedure could be more fully and effectively exploited: Lord Carrington, when President of the Council, promised as much.

But there is only one further important weapon in the Parliament's existing arsenal which remains unused, and that is the power to censure the Commission, thus forcing its resignation. Such a censure motion has been

threatened in the past over the budgetary proposals; but only this year, for the first time, is there the remotest chance that it could be carried by the stipulated two-thirds majority.

However, such a serious move against the established order would only partially satisfy even the most extreme federalists in the Parliament. For they know as well as anyone that the Commission – not always the most efficient or coherent body, nor, by its own admission, the most powerful – is not responsible for the government of the Community. The truth is that, if Parliament's objectives of sharing legislative power are to be realised, it is the member governments who will have to concede it.

The Commission, for its part, has recently promised to pay more regard to Parliament's opinion in the early – that is, pre-legislative – stages of policy-making. The celebrated *Isoglucose* case of 1980 reaffirmed Parliament's right to be consulted. The Commission has since agreed that, where it differs from Parliament's opinion, the reasons for the disagreement should be fully and publicly explained.

By adopting revised rules of procedure in March 1981, Parliament put itself in a better position to exploit fully every intentional concession, or sign of weakness, on behalf of the Commission. But the Commission has been obliged to refuse to accede to Parliament's request to guarantee it a formal consultative machinery in the pre-legislative stages. Both the Jenkins and the Thorn Commissions have been anxious to preserve their own formal prerogatives in this area, and not to become a mere secretariat of the Parliament.

Many Members of the European Parliament are more concerned to challenge what they see as the member governments' virtual monopoly of power. A group of almost two hundred parliamentarians, drawn from all political parties, have got together to prosecute radical political reform of the Community. The formation of the group is largely the work of the Italian left-winger and former Commissioner, Altiero Spinelli, whose Crocodile Club – named after the founding dinner in a famous Strasbourg restaurant – has adopted his long-held federalist ideas.

On 9 July last year the Parliament passed a resolution which implicitly accepted Spinelli's thesis that it is now silly to rely on the Commission to promote European unity against the wishes of the member governments, and that the elected European Parliament will find its true vocation as a constituent assembly voting radical changes to the existing Treaties. The purpose is to change the existing balance of power between the institutions, and to shift the centre of decision-making from national capitals to the Community level.

These Treaty amendments, which may add up to a new Treaty of Political Union, are intended to be sent directly to national parliaments for ratification. To this end a new Institutional Committee of the Parliament was set up at the beginning of the year. ☐

letters

Parlez-vous Esperanto?

In your article on 'Europe's seven tongues' (March) attention is called to the Community 'having to devote ever-increasing amounts of time, energy and money to their translating and interpreting services'.

It may be of interest to mention that in Antwerp this August an international conference will take place, attracting some 3000 persons from possibly 40 countries, at which there will be full understanding between the participants in spite of no interpreters and no machine translation. I am speaking of the 67th World Esperanto Conference, where one language only is used, and nationals are not discriminated against in having to use an unaccustomed tongue.

One great value of such a system is that, away from the regular sessions, conversation is prevalent in the corridors and cafés between everybody, whatever their national language – something which does not normally appertain in the European Community.

Arnold J. Leather
Silverdale, Lancs.

'Esperanto estas simpla, politike neutrala, facile lernebla, komuna lingvo, uzebla en persona letero, en konversacio, en komerco, kaj en konferenc-halo.'

Most of Europe's school-leavers could pronounce and translate the above sentence without knowing anything about Esperanto. Yet, because of prejudice and ignorance on the part of their teachers of modern languages, Europe has no simple, politically neutral, easily learnable, communal language, usable in a personal letter, in conversation, in commerce and in a conference hall.

No national language, not even our beloved English, will ever be agreed upon, for reasons of national pride. But a mixture of European languages, with a simple grammar, phonetic spelling, and Italian pronunciation, could be mastered by most people, providing it formed a regular part of the five-year secondary school curriculum.

This is what Esperanto basically is; and it has been around for almost a hundred years.

David Curtis,
Weston-super-Mare, Avon

– or sprechen-Sie Ido?

After reading Chris Carling's article, 'The rising cost of Europe's seven tongues', I would like to recommend a solution to the problem which I believe to be the cheapest

and most effective in the long run – the adoption of the international language, Ido.

As you may know, Ido is a thoroughly revised form of Esperanto, which removes some of the clumsiness and ugliness of that language. It is based on roots that belong to most of the major European languages.

The adoption of Ido as the conference and convention language of Europe would not mean the creation of a clique of the initiated, as has, regrettably, been the practice with some attempts at curing the ills of Babel. The idea would be for everyone to learn and use the language. It would avoid much of the immense cost and complications of having scores of interpreters on tap. It would make socialising easier. It would reduce the reduplication of documents.

It is true that many Europeans speak English at a 'cup-of-coffee-please' level. But when discussing agricultural policy or fishing rights they may flounder. Speaking Ido, a diplomat would in effect be carrying his own interpreter around inside his head. And the neutrality of Ido is also an important factor.

Eric Dickens,
Shirley, Solihull

New generation

I am writing as a very avid reader of your magazine since its inception, these 13 editions past. I am one of the earliest products of what I believe to be England's only Anglo-European school, which finds its roots in the Council of Europe. In a few days from now I shall be sitting my 'O'-Level European Studies examination, in a course encompassing regional and thematic studies of modern European history, euro-economics, and social studies. No. 4 of EUROPE 82, even more than ever, provided much material which is extremely useful for revising and updating the work.

I am a patriot, but having learned of, and understood, the struggle for European unity from sources such as EUROPE 82, I believe I'm one of the first of a generation who look at our future through British eyes with a European squint.

Douglas S. McCullum,
Ingatestone, Essex

Teaching aid

We currently receive two copies of EUROPE 82 each month. Increasingly I am finding the magazine of great use in the teaching of Géography to junior classes in the school – as study material, for discussion purposes, etc.

The two articles on East Anglia, published in the March and April issue, have been of great interest and use.

Philip Morris,
Icknield School, Wantage

'Up corn, down horn'

I read your well-produced magazine with interest, and particularly enjoyed the articles on Greenland in the May/June issue.

I would like to take issue with a point made in Barry Wilson's article on beef. He seems to have overlooked that there are two species of Holstein, the American and Canadian, which are quite distinct as far as butchers are concerned.

Some 60 per cent of home-reared beef is based on the dairy herd and the meat trade has always been able to depend on the excellent dual-purpose Friesian. But about 20 per cent of the annual black-and-white calf crop is now covered by Canadian Holstein blood, a recent development which is very much deplored by the meat trade. The Canadian Holstein is an excellent dairy animal but a very unsatisfactory beef animal.

The Canadian Holstein problem is a particular manifestation of the 'up corn, down horn' syndrome, which results from the bias of EEC farm support. The dairy industry has been able to reduce the milk herd and convert traditional pasture to arable production (wheat, barley and more recently, colza or rape seed) and yet improve milk yields with the use of Canadian Holstein crosses.

The American Holstein is said to be a versatile, dual-purpose animal which can match its Canadian cousin for milk yield but retains the qualities essential for a good beef animal. Imports of the breed into Britain are forbidden at present on health grounds, although it has been claimed that disease-free animals can be found in the Eastern parts of the United States.

Vincent Champion
National Federation of Meat Traders,
Tunbridge Wells, Kent.

Talking shop

On my visit last year to the European Parliament at Strasbourg, I was dismayed to find that debates appeared to be the means for an unabashed pursuit of national interests, and I could detect little concern on the part of MEPs for the common good of the Community.

After my initial disappointment, I paused to reflect on the fact that these international exchanges were taking place without anyone being injured.

How much better, I thought, for European nations to send representatives to a talking-shop than periodically to send millions of young men to be slaughtered on the battle-field.

It seemed a small price to pay for peace, but I did not realise how small – a mere 36 pence per head!

Hugo Reading
Manor Park Road, London